

# The Impact of Rewards Programs on Employee Engagement

Dow Scott, Ph.D., Loyola University  
Tom McMullen, Hay Group  
WorldatWork  
June 2010

research

## **About WorldatWork®**

### **The Total Rewards Association**

WorldatWork ([www.worldatwork.org](http://www.worldatwork.org)) is a global human resources association focused on compensation, benefits, work-life and integrated total rewards to attract, motivate and retain a talented workforce. Founded in 1955, WorldatWork provides a network of nearly 30,000 members in more than 100 countries with training ([www.worldatwork.org/seminars/html/seminars-home.jsp](http://www.worldatwork.org/seminars/html/seminars-home.jsp)), certification ([www.worldatwork.org/waw/home/html/society\\_home.html](http://www.worldatwork.org/waw/home/html/society_home.html)), research ([www.worldatwork.org/waw/Content/research/html/research-home.jsp](http://www.worldatwork.org/waw/Content/research/html/research-home.jsp)), conferences ([www.worldatwork.org/waw/conference/html/conference-home.html](http://www.worldatwork.org/waw/conference/html/conference-home.html)) and community ([www.worldatwork.org/waw/community/index.jsp](http://www.worldatwork.org/waw/community/index.jsp)). It has offices in Scottsdale, Arizona and Washington, D.C.

*The WorldatWork group of registered marks includes: WorldatWork®, workspar®, Certified Compensation Professional or CCP®, Certified Benefits Professional® or CBP, Global Remuneration Professional or GRP®, Work-Life Certified Professional or WLCP™, WorldatWork Society of Certified Professionals®, and Alliance for Work-Life Progress® or AWLP®.*

*WorldatWork Journal, WorldatWork Press and Telework Advisory Group are part of the WorldatWork family.*



## **Media Contact:**

Marcia Rhodes

14040 N. Northsight Blvd.

Scottsdale, Arizona USA

85260-3601

480-304-6885

Toll free: 877-951-9191

Fax: 480-483-8352

[Marcia.Rhodes@worldatwork.org](mailto:Marcia.Rhodes@worldatwork.org)

---

©2010 WorldatWork Any laws, regulations or other legal requirements noted in this publication are, to the best of the publisher's knowledge, accurate and current as of this report's publishing date. WorldatWork is providing this information with the understanding that WorldatWork is not engaged, directly or by implication, in rendering legal, accounting or other related professional services. You are urged to consult with an attorney, accountant or other qualified professional concerning your own specific situation and any questions that you may have related to that.

No portion of this publication may be reproduced in any form without express written permission from WorldatWork.

## The Impact of Rewards Programs on Employee Engagement June 2010

Dow Scott, Loyola University Chicago  
Tom McMullen, Hay Group  
Mark Royal, Hay Group  
Mel Stark, Hay Group  
WorldatWork

### INTRODUCTION

In response to the economic crisis, employers are concerned about keeping employees engaged after they have suffered through wage freezes, lost bonuses, increased work demands and downsizing. Motivating employees under these circumstances while recognizing that once the economy improves top talent may leave for other opportunities has created a new corporate battle cry: employee engagement.

Although a variety of definitions can be found, employee engagement is typically described as a high level of employee involvement, commitment to the organization and job satisfaction. Engaged employees value, enjoy and have pride in their work. They are more willing to help each other and the organization succeed; take additional responsibility; invest more effort in their jobs; share information with other employees; and remain with the organization than employees who are less engaged (Lazear 1989; LePine, Erez and Johnson 2002; Riketta 2002, 2008). Finally, employee engagement and related variables, such as commitment and cooperation, have been found to be associated with organization performance (Harter, Schmidt and Killham 2003; Macey and Schneider 2008; Schneider, Macey, Barbera and Young 2009)

Although the primary focus of engagement efforts has mostly been on team-building programs, employee opinion surveys and nonfinancial rewards, egalitarian pay structures have been found to be related to employee cooperation, involvement, satisfaction and commitment (Bloom and Michael 2002; Levine 1991; and Pfeffer and Langton 1999), all of which have been used as proxies for employee engagement. However, these studies do not examine specific pay practices used by compensation professionals or attempt to relate pay programs specifically to employee engagement.

The authors' survey explores this gap and determines how total rewards programs and employee engagement are related. It also helps determine whether total rewards programs are associated with organization performance by focusing on the following:

- Which reward policies and practices are associated with employee engagement?
- Does involvement in the development of pay programs enhance employee engagement?
- Is employee engagement associated with organization performance?

## METHODOLOGY

A sample of 6,300 WorldatWork members, primarily total rewards professionals, was invited to participate in *The Impact of Rewards Programs on Employee Engagement* study. The survey was open from Dec. 15, 2009 through Jan. 12, 2010. A reminder to complete the survey was e-mailed half way through the survey period and again just before the survey closed. The survey required approximately 15 minutes to complete. There were 736 WorldatWork member respondents from around the world; the 12% response rate is considered good for a survey of this type.

As shown in Figures 1 and 2, respondent demographics indicated a diverse sample that represented small to large companies from many different industries. However, the diversity of respondents from other countries was limited, and the breakdown mirrored the WorldatWork membership proportions of the countries represented.

The majority of respondents represented organizations from the United States (55%). Canada and Western Europe had the next largest representation at 7% and 4%, respectively. There were few respondents from the United Kingdom, Eastern Europe, Asia-Pacific and the Middle East. And several respondents did not specify a country.

Participating organizations were fairly evenly distributed by size. Approximately 19% of organizations had less than 1,000 employees; 20% had between 1,000 and less than 5,000 employees; 18% had between 5,000 and less than 20,000 employees, 14% had 20,000 employees or more.

**Figure 1: Survey Respondents by Organization Size (Number of Employees)**

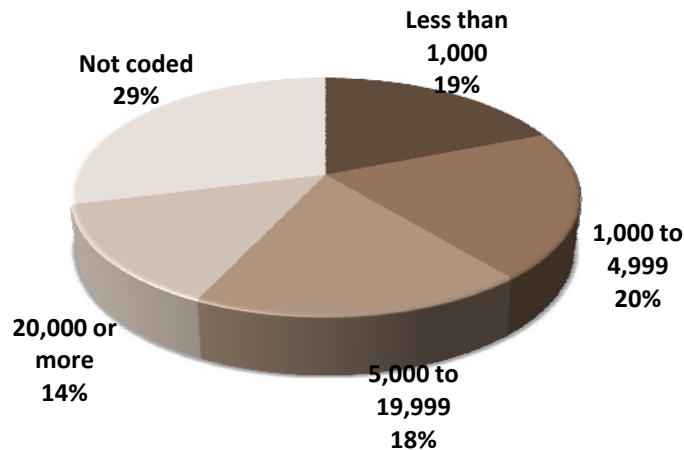
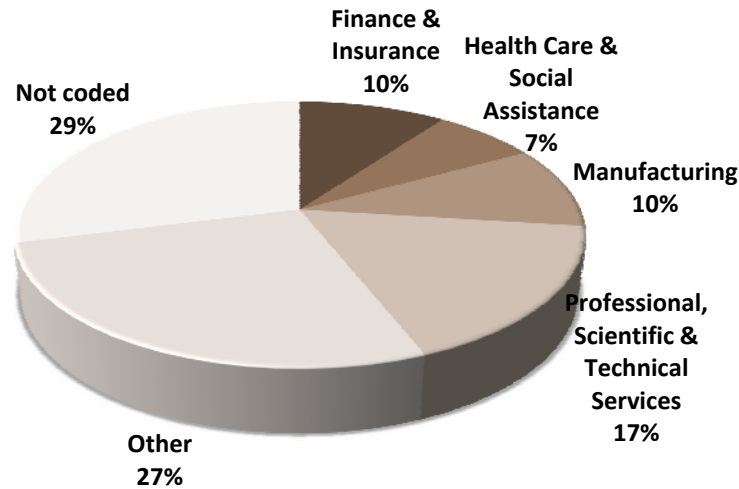


Figure 2 shows a diverse range of industries represented by the respondents. The largest representation was from professional, scientific and technical services (17%), followed by finance and insurance (10%), manufacturing (10%), and health care and social assistance (7%).

**Figure 2: Survey Respondents by Industry**



The research findings are presented in Tables 1 through 5, which group the statements to which participants responded into variables. This grouping was based on similarity of content and analyses indicating that the compensation professionals responded to the statements in a similar way. Each table reports the individual statement that made up the variable, the mean (average score) and the percentage of compensation professionals that responded to each answer choice. Factor and coefficient alpha analyses were used to determine the degree to which the statements that make up the variable were related (Questions related to these analyses can be directed to authors Royal and Scott.) Each table also presents mean (average score) for the variable, standard deviation and the coefficient alpha. A coefficient alpha score above .7 indicates a strong relationship among the statements. In other words, respondents who either agreed or did not agree with one statement tended to respond in a similar manner to the other statements defined by the variable.

Table 6 shows a correlation matrix based on variables listed in Tables 1 through 5 and some individual statements to which the compensation professionals responded. Table 6 also reports the descriptive name of the variable or individual statement. These statements are numbered so the correlation between variables can be identified in subsequent columns. In the diagonal, the scores in parentheses are the coefficient alpha scores indicating how related the statements were which made up the variable for the correlation matrix (also shown in Tables 1 through 5). The statements in the variables can be found in Tables 1 through 5. Of course, the correlations for individual statements do not have a coefficient alpha score. Note that all correlation scores over .10 are significant.

## FINDINGS

Findings are presented in the following sections and in their respective tables:

- Encouraging Employee Engagement with Total Reward Policies and Programs
- Degree of Employee Engagement
- Impact of Total Rewards-Driven Employee Engagement Programs on Organization Performance
- Employee and Supervisor Involvement in the Development of Pay Programs.

### ***Encouraging Employee Engagement with Total Reward Policies and Programs***

As shown in Table 1, the extent to which organizations used methods to specifically engage employees varied considerably. For example, 44% of the organizations indicated that they explicitly included employee engagement in their organization strategy, whereas 31% said they did not. Seventeen percent were equivocal saying they neither agreed nor disagreed with the statement. However, 60% of the respondents indicated that they used variable pay to reward employee engagement; based on the authors' experience, this seems high.

Given its seeming popularity in the literature and press, it is surprising how few organizations have taken even basic steps to encourage employee engagement. As shown in Table 1, the respondents "strongly agreed" or "agreed" that:

- "Engagement levels fostered by line managers are an important factor in evaluating their performance," (37%)
- "Employee engagement performance metrics are incorporated into variable pay programs in our organization," (60%)
- "Our organization has a specific definition of 'employee engagement'," (53%)
- "Employee engagement is explicitly included in our organization strategy," (44%).

The .80 coefficient alpha score indicates that organizations that take any one of these actions are likely to take the other actions as well to encourage employee engagement. By the same token, those that do not take one of these actions do not take other actions to encourage engagement. Furthermore, as shown in the correlation matrix reported in Table 6, organizations that follow these practices are more likely to indicate that their total rewards strategies are effectively engaging employees ( $r = .47$ ); are more effective in fostering high levels of employee engagement and motivation ( $r = .47$ ); and are confident that they will be able to retain key talent as the economy improves ( $r = .38$ ).

Literature and management consultants recommend employee opinion surveys as an effective way to obtain feedback and engage employees. Unlike the other methods for engaging employees identified above, most organizations periodically conduct an employee attitude survey. Although few organizations conduct employee opinion surveys multiple times a year (6%), most conduct surveys each year (35%) or every other year (24%). Only 20% of respondents indicated that their organization did not use employee opinion surveys. Most respondents (60%) said that their employee opinion surveys were effective or very effective at generating action and change; while only 15% said they were ineffective. This finding indicates that management is listening and using employee input to take action. The frequency with which employers conduct employee opinion surveys is associated with the effective engagement of employees via total rewards strategies ( $r = .20$ ); organization effectiveness in fostering high levels of employee engagement and motivation ( $r = .22$ ); and confidence that the

organization will be able to retain key talent as the economy improves ( $r = .15$ ). However, the correlation scores were much higher for those organizations that took action and made changes as a result of the input received from the employee opinion survey, i.e., effective engagement of employees via total rewards strategies ( $r = .46$ ); organization effectiveness in fostering high levels of employee engagement and motivation ( $r = .54$ ); and confidence that the organization will be able to retain key talent as the economy improves ( $r = .35$ ). (See Table 6).

Respondents were asked to reveal which specific total rewards-related programs might have an impact on employee engagement. These rewards were placed in four categories which are reported in Tables 2a through 2d. As shown in Table 2a, more than 40% of the respondents believe that base salary, base salary increases, and benefits and perquisites have a “high” or “very high” impact on employee engagement. Furthermore, respondents, as shown in Table 2b, believe that short-term incentives or bonuses have an even higher impact on engagement (54%). However, substantially fewer believe that long-term incentives and financial recognition have a high impact on engagement — 32% and 32%, respectively. Table 2C shows that the impact of intangible rewards on employee engagement is perceived as very high with work environment or organization climate rated at 61%; work-life balance rated at 55%; the nature of the job or quality of work rated at 69%; and career development opportunities rated at 59%. Only, nonfinancial total rewards programs receive a relatively low score at 37%, which is interesting given that nonfinancial recognition programs are often suggested as ways to motivate and engage employees.

Finally, leadership scored relatively highly in terms of its impact on employee engagement as shown in Table 2d; managers’ assessment of employee performance (49%), coaching (53%) quality of senior leadership (65%) and organizational goals and objectives (55%).

### ***Degree of Employee Engagement***

Compensation professionals were asked to indicate the level of employee engagement in their organization. When asked “How effective is your organization in fostering high levels of employee engagement and motivation,” 42% of the respondents indicated that they were “effective or very effective,” 39% said they were “neither ineffective nor effective,” and 19% said that they were “very ineffective or ineffective.” An indirect measure of engagement is retention of talent. More than half of the respondents, 53%, felt they could “retain key talent as the economic outlook improves.”

### ***Impact of Total Rewards-Driven Employee Engagement Programs on Organization Performance***

Forty-two percent of the respondents indicated that their organization’s total rewards strategies had a positive effect on employee engagement, whereas 24% did not think this was the case. WorldatWork members were asked to assess how their efforts to engage employees through total rewards programs affected a variety of employee and business outcomes. These assessments were grouped into three categories, which are reported in Tables 3a through 3c. Table 3a shows that 22% to 24% of respondents either agreed or strongly agreed that the efforts to engage employees through total rewards programs had reduced employee complaints about pay fairness and equity, reduced turnover, reduced absenteeism and reduced employee problems. However, a larger proportion of respondents disagreed or strongly disagreed that total rewards programs reduced complaints about pay fairness and equity (36%) and reduced turnover (39%). Approximately an equal number “disagreed” that efforts to engage employees through total rewards programs reduced absenteeism (22%) and reduced employee performance problems (26%).

Table 3b shows the impact of efforts to engage employees through rewards programs and the effect these efforts had on organizational competitiveness, relationships with customers, financial performance and innovation. There was substantially more disagreement with these statements than agreement. These findings were consistent with the impact of efforts to engage employees through total rewards programs and the impact they had on a positive work environment, better collaboration and relationships with employees, which is shown in Table 3c.

What was most interesting about these measures of impact of efforts to increase engagement through rewards programs is that they were strongly correlated with the organizations' effectiveness in fostering high levels of employee engagement and motivation. This indicates that organizations which can link engagement to total rewards practices are more likely to effectively engage and motivate employees. (See Table 6).

### ***Employee and Supervisor Involvement in the Development of Pay Programs***

Encouraging employee input and involvement in programs which affect them is a method that organizational development specialists suggest, and managers often use this to enhance employee engagement and commitment. Overall, the survey shows that employees have limited involvement in design, implementation or evaluation of pay programs. (See Table 4). More specifically, only 11% of the respondents indicated that their organization frequently (defined as often or always) involved employees in the design of total rewards programs. Twenty percent said that employees participated in meetings soliciting their feedback and 26% of the organization solicited employee input through surveys. In 19% of organizations, employees were frequently involved in implementing or communicating information about the existing program, 22% participated in meetings soliciting their feedback and 24% responded to opinion surveys. Respondents reported that fewer employees were involved in assessing or evaluating the total rewards programs (17%) in their organizations. In 21% of the organizations, employees were frequently asked for feedback at meetings and 25% through employee opinion surveys.

What is more telling is that organizations that involve employees in the design, implementation and assessment of total rewards programs are associated with rewards strategies that effectively engage employees ( $r = .38$ ,  $r = .39$ ,  $r = .38$ , respectively); organization effectiveness in fostering high levels of employee engagement and motivation ( $r = .31$ ,  $r = .27$ ,  $r = .39$ , respectively); and confidence that they can retain key talent when the economy improves ( $r = .26$ ,  $r = .21$  and  $r = .27$ , respectively). (See Table 6).

According to the survey results, supervisors and managers are more likely to be involved in the design, implementation and assessment or evaluation of total rewards programs than employees, as shown in Table 5. This was especially true when it involved being a member of the design team. Supervisors and managers are often or always involved in the design of total rewards programs by participating in design teams (32%), participating in meetings soliciting feedback (45%) and participating in surveys soliciting input (33%). Supervisors and managers were substantially more involved in the implementation of total rewards programs than employees covered by the total rewards programs, such as participating in design teams (55%), participating in meetings soliciting feedback (48%) and participating in surveys soliciting input (36%). Finally, supervisors and managers were substantially more involved in the evaluations or assessments of total rewards programs than employees. Supervisors and managers often or always participate in the design teams (37%) and many often or always participate in meetings soliciting feedback (41%). However, employees and supervisors/managers were equally involved in participating in surveys soliciting input to evaluate these programs (25%).



As with employee involvement, supervisor and manager involvement in the design and implementation assessment of total rewards program are associated with rewards strategies that effectively engage employees ( $r = .37$ ,  $r = .38$  and  $r = .36$ , respectively); are associated with organization effectiveness in fostering high levels of employee engagement and motivation ( $r = .39$ ,  $r = .35$  and  $r = .36$ , respectively); and have confidence that they can retain key talent when the economy improves ( $r = .25$ ,  $r = .25$  and  $r = .26$ , respectively). (See Table 6).

Although managers and supervisors were substantially more engaged in the development or design of programs, implementation and assessment than employees, these levels seem to be low given the importance of engaging and building commitment in the creation of effective compensation programs and policies.

## CONCLUSIONS AND RECOMMENDATIONS

This study confirms that total rewards structures, programs and policies influence employee engagement. However, what is also evident is that the majority of compensation professionals do not necessarily consider *how* total rewards programs affect employee engagement in the design of rewards structures, policies and programs. The lessons learned from this study and the recommendations for supporting employee engagement through total rewards programs include the following:

1. Organizations that encourage managers to engage employees by making it a performance criteria and rewarding engagement through incentive programs indicate that their organizations more effectively foster employee engagement and motivation than those organizations that do not. As such, if compensation professionals wish to encourage employee engagement, they should :
  - Develop performance metrics that measure the extent to which supervisors or managers encourage engagement among their subordinates.
  - Reward supervisors and managers for developing employee engagement among their subordinates and peers.
  - Specifically define employee engagement and include it as goal in the strategic plan.
2. When the impact of different categories of rewards programs on engagement was studied, it was discovered that base pay and benefits had the overall weakest relationship with the organization's ability to foster high levels of employee engagement and motivation compared to incentives, intangible rewards and quality of leadership on engagement. Quality of leadership had the strongest relationship with effectively engaging and motivating employees. As a result, compensation professionals should:
  - Use pay packages to attract leaders who have demonstrated their ability to engage employees.
  - Think in terms of total rewards and not just financial rewards. Develop employee engagement resources that are directed toward work environment or organization climate, work-life balance and the nature of the job and quality of the work, and career opportunities.
3. Opinion surveys were included in this study because they are often associated with efforts to enhance employee engagement and because they are a

mechanism for obtaining employee feedback on a variety of work-related issues, including total rewards programs. Respondents indicated that employee surveys were used by 80% of the organizations they represented. Although more frequent use of employee opinion surveys was associated with effectiveness in fostering high levels of employee engagement and motivation, the relationship was much stronger for organizations where employee opinion survey results generate action and change. As such it is not enough to conduct employee opinion surveys; management must respond to input and suggestions with concrete actions and change. Employees should be involved in those change efforts.

4. The gold standard in terms of building cooperation and commitment is involvement. The study indicated this was true for the design, implementation and assessment of total rewards programs. Although supervisors and managers *are* involved in the design, implementation and assessment of rewards programs more frequently than employees, their involvement is still relatively infrequent. Thus, involvement in the design, implementation and evaluation of total rewards programs offers a direct way for compensation professionals to enhance employee engagement.
5. Because of length constraints of the total rewards and engagement survey, there was no opportunity to more fully explore the impact of pay communications and openness on employee engagement. However, previous research indicates that compensation professionals appreciate the importance of pay communication as a means for aligning pay programs with the business strategy and the interest employees have in understanding how they were paid (Scott, Sperling, McMullen and Bowbin 2008; Scott, McMullen, Sperling and Bowbin 2007; Shields, Scott, Sperling and Higgins 2009). Employee understanding of compensation strategy, programs and policies — assuming compensation is based on common notions of fairness — provide a foundation for engaging employees. The articles noted above offer a fuller discussion of communication methodologies and recommendations as to how total rewards programs should be communicated.

## REFERENCES

- Bloom, M.C. and Michael, J.G. 2002. The Relationship Among Organizational Context, Pay Dispersion and Managerial Turnover. *Academy of Management Journal*. 45(1): 33-42.
- Harter, J. K., F.L. Schmidt T.L. Hayes. 2002. Business-Unit Level Relationship Between Employee Satisfaction, Employee Engagement and Business Outcomes: a Meta Analysis. *Journal of Applied Psychology*. 86(2): 286-279.
- Lazear, E.P. 1989. Pay Equity and Industrial Politics. *Journal of Political Economy*. 97(3): 561-580.
- LePine, J. A., A. Erez and D.E. Johnson. 2002. The Nature and Dimensionality of Organizational Citizenship Behavior : A Critical Review and Meta-analysis. *Journal of Applied Psychology*. 87: 52-65.
- Macey, W.H and B. Schneider. 2008. The Meaning of Employee Engagement. *Industrial and Organizational Psychology*. 1: 3-30.
- Riketta, M. 2002. Attitudinal Organizational Commitment and Job Performance: A Meta-Analysis. *Journal of Organizational Behavior*. 23: 257-266.
- Riketta, M. 2008. The Causal Relation Between Job Attitudes and Performance: A Meta-Analysis of Panel Studies. *Journal of Applied Psychology*. 93: 472-481.
- Schneider, B., W.H. Macey, K.M. Barbera and N. Martin. 2009. Driving Customer Satisfaction and Financial Success through Employee Engagement. *People and Strategy*. 32(2): 22-27
- Scott, D., R.S. Sperling, T.D. McMullen and B. Bowbin. 2008. A Study of Pay Communications: Methods for Improvement of Employee Understanding. *WorldatWork Journal*. 17(3): 6-20.
- Scott, K.D., T.D. McMullen, R.S., and B. Bowbin. 2007. Reward Programs: What Works and What Needs to be Improved. *WorldatWork Journal*. 16(3): 6-21.
- Shields, J, D. Scott, R. Sperling and T. Higgins. 2009. Rewards Communication in Australia: A Survey of Policies and Programs. *Compensation and Benefits Review*. 41(6): 14-26.

**Table 1: Engagement systematically encouraged by management**

	Mean (average)	Strongly Agree 1	Agree 2	Neither 3	Disagree 4	Strongly Disagree 5
In our organization, engagement levels fostered by line managers are an important factor in evaluating performance (scorecards).	3.03	8%	29%	22%	34%	7%
Employee engagement performance metrics are incorporated into variable pay programs in our organization.	2.51	20%	40%	15%	20%	5%
Our organization has a specific definition of “employee engagement”	2.71	16%	37%	16%	22%	9%
Employee engagement is explicitly included in our organization strategy	2.94	11%	33%	17%	28%	11%

**Scale Mean = 2.80    Standard Deviation = 0.93    Coefficient Alpha = 0.80**

**Table 2A: Impact of base-pay and benefits on employee engagement**

Impact of each of the following reward programs on employee engagement:	Mean (average)	Very Low 1	Low 2	Neither 3	High 4	Very High 5
Base salary level	3.30	2%	13%	44%	36%	5%
Base-salary increase	3.23	5%	15%	39%	36%	6%
Benefits and perquisites program	3.39	3%	11%	37%	39%	9%

**Scale Mean = 3.31    Standard Deviation = 0.72    Coefficient Alpha = 0.72**

**Table 2B: Impact of incentives on employee engagement**

Impact of each of the following reward programs on employee engagement:	Mean (average)	Very Low 1	Low 2	Neither 3	High 4	Very High 5
Short-term incentives or bonus programs	3.42	5%	11%	30%	45%	9%
Long-term incentives or bonus programs	3.03	10%	14%	44%	28%	4%
Financial recognition program	3.09	8%	10%	50%	29%	3%

**Scale Mean = 3.18    Standard Deviation = 0.79    Coefficient Alpha = 0.74**

**Table 2C: Impact of intangible rewards on employee engagement**

Impact of each of the following reward programs on employee engagement:	Mean (average)	Very Low 1	Low 2	Neither 3	High 4	Very High 5
Work environment or organization climate	3.67	2%	8%	28%	43%	18%
Work-life balance	3.49	4%	10%	31%	43%	12%
The nature of the job or quality of the work	3.80	1%	4%	26%	53%	16%
Career development opportunities	3.56	2%	9%	29%	48%	11%
Non-financial recognition programs	3.20	6%	10%	47%	33%	4%

**Scale Mean = 3.54    Standard Deviation = 0.67    Coefficient Alpha = 0.81**

**Table 2D: Impact of leadership on employee engagement**

Impact of each of the following reward programs on employee engagement:	Mean (average)	Very Low 1	Low 2	Neither 3	High 4	Very High 5
Manager's assessment of employee performance	3.40	2%	12%	37%	42%	7%
Coaching from managers or supervisors	3.46	2%	11%	34%	45%	8%
Quality of senior leadership	3.71	2%	7%	25%	47%	18%
Organizational goals and objectives	3.52	1%	8%	36%	48%	7%

**Scale Mean = 3.52    Standard Deviation = 0.71    Coefficient Alpha = 0.83**

**Table 3A: Impact of efforts to engage employees through reward programs (reduce pay complaints, turnover, absenteeism, and performance problems)**

I believe our efforts to engage employees through reward programs have:	Mean (average)	Strongly Agree 1	Agree 2	Neither 3	Disagree 4	Strongly Disagree 5
Reduced complaints about pay fairness and equity	3.14	2%	22%	40%	32%	4%
Reduced turnover	3.20	2%	20%	39%	34%	5%
Reduced absenteeism	3.00	2%	21%	54%	19%	3%
Reduced employee performance problems	3.01	2%	22%	49%	24%	2%

**Scale Mean = 3.09    Standard Deviation = 0.69    Coefficient Alpha = 0.84**

**Table 3B: Impact of efforts to engage employees through reward programs (increase organizational competitive advantage, relationships with customers, financial performance and innovation)**

I believe our efforts to engage employees through reward programs have:	Mean (average)	Strongly Agree 1	Agree 2	Neither 3	Disagree 4	Strongly Disagree 5
Created a competitive advantage	3.18	2%	21%	39%	34%	4%
Resulted in better relationships with customers	3.34	1%	10%	49%	33%	6%
Increased organization financial performance	3.27	2%	14%	44%	35%	5%
Increased organization innovation	3.20	2%	16%	46%	31%	4%

**Scale Mean = 3.25    Standard Deviation = 0.68    Coefficient Alpha = 0.84**

**Table 3C: Impact of efforts to engage employees through reward programs (positive work environment and collaboration)**

I believe our efforts to engage employees through reward programs have:	Mean (average)	Strongly Agree 1	Agree 2	Neither 3	Disagree 4	Strongly Disagree 5
Created a more positive work culture	3.44	2%	14%	32%	44%	8%
Resulted in better collaboration and relationships between employees	3.35	2%	12%	41%	41%	5%

**Scale Mean = 3.39    Standard Deviation = 0.79    Coefficient Alpha = 0.83**

**Table 4: Reward Program Involvement by Employees**

	Mean (average)	Never 1	Seldom 2	Often 3	Always 4
How are employees involved in the <u>design</u> . . .					
• Participate in design teams	1.60	51%	38%	9%	2%
• Participate in meetings soliciting input	1.87	36%	43%	17%	3%
• Participate in surveys soliciting input	1.98	34%	40%	21%	5%
<b>Scale Mean = 1.82 S.D. = 0.71 Coefficient Alpha = 0.86</b>					
How are employees involved in the <u>implementation</u> . . .					
• Participate in design teams	1.83	40%	42%	15%	4%
• Participate in meetings soliciting input	1.91	34%	44%	18%	4%
• Participate in surveys soliciting input	1.92	37%	39%	19%	5%
<b>Scale Mean = 1.89 S.D. = 0.74 Coefficient Alpha = 0.86</b>					
How are employees involved in the <u>evaluation</u> . . .					
• Participate in design teams	1.75	45%	38%	15%	2%
• Participate in meetings soliciting input	1.86	38%	40%	19%	2%
• Participate in surveys soliciting input	1.91	38%	37%	21%	4%
<b>Scale Mean = 1.85 S.D. = 0.75 Coefficient Alpha = 0.89</b>					

**Table 5: Reward Program Involvement by Supervisors and Managers**

	<b>Mean (average)</b>	<b>Never 1</b>	<b>Seldom 2</b>	<b>Often 3</b>	<b>Always 4</b>
How are managers involved in the <u>design</u> . . .					
• Participate in design teams	2.11	28%	41%	26%	6%
• Participate in meetings soliciting input	2.40	15%	40%	35%	10%
• Participate in surveys soliciting input	2.15	27%	39%	25%	8%
<b>Scale Mean = 2.22 S.D. = 0.79 Coefficient Alpha = 0.86</b>					
How are managers involved in the <u>implementation</u> . . .					
• Participate in design teams	2.60	12%	32%	39%	16%
• Participate in meetings soliciting input	2.45	15%	38%	36%	12%
• Participate in surveys soliciting input	2.16	30%	34%	27%	9%
<b>Scale Mean = 2.40 S.D. = 0.80 Coefficient Alpha = 0.85</b>					
How are managers involved in the <u>evaluation</u> . . .					
• Participate in design teams	2.20	26%	37%	29%	8%
• Participate in meetings soliciting input	2.26	22%	36%	34%	7%
• Participate in surveys soliciting input	2.10	38%	37%	21%	4%
<b>Scale Mean = 2.19 S.D. = 0.82 Coefficient Alpha = 0.89</b>					



**Table 6: Correlation Matrix\***

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19
1.Engagement systematically encouraged by management	(.80)																		
2. Impact reward programs on pay complaints, turnover, absenteeism & performance problems	.42	(.84)																	
3. Impact of reward programs on competitiveness, customer relations, financial performance and innovation.	.54	.73	(.84)																
4. Impact reward programs on work environment and collaboration	.55	.71	.79	(.83)															
5.Impact of intangible rewards on employee engagement	.38	.45	.49	.49	(.81)														
6.Impact of leadership on employee engagement	.41	.44	.47	.45	.67	(.83)													
7.Impact of incentives on employee engagement	.32	.37	.43	.34	.47	.42	(.74)												
8.Impact of base-pay- benefits on employee engagement	.15	.25	.22	.18	.37	.30	.38	(.72)											
9.Employee involvement in the design of reward programs	.34	.25	.29	.38	.30	.28	.17	.10	(.86)										
10.Supervisors involvement in the design of reward programs	.39	.37	.36	.38	.37	.28	.28	.19	.71	(.86)									
11.Employee involvement in the implementation of reward programs	.28	.38	.30	.39	.38	.27	.19	.15	.70	.61	(.86)								
12.Supervisors involvement in the implementation of reward programs	.37	.29	.35	.37	.32	.31	.28	.18	.59	.72	.65	(.85)							
13.Employee involvement in the assessment or evaluation of reward programs	.38	.33	.34	.36	.29	.27	.198	.12	.67	.58	.61	.51	(.89)						
14.Supervisors involvement in the assessment or evaluation of reward programs	.37	.34	.37	.376	.30	.29	.29	.16	.60	.73	.58	.77	.75	(.89)					
15.Frequency employee opinion survey is conducted	.38	.07	.18	.17	.24	.20	.24	.01	.25	.26	.27	.27	.24	.25	(--)				
16.Rated effectiveness of employee opinion survey in generation action and change	.48	.35	.49	.44	.35	.387	.17	.07	.23	.22	.17	.29	.26	.29	.25	(--)			
17.Reward strategies are effective engaging employees	.47	.58	.66	.63	.45	.48	.40	.27	.38	.37	.39	.38	.38	.36	.20	.46	(--)		
18.Organization effectiveness in fostering high levels of employee engagement and motivation	.47	.55	.57	.598	.49	.46	.30	.16	.31	.39	.27	.35	.39	.36	.22	.54	.59	(--)	
19.Confidence in organizations ability to retain key talent as economy improves	.38	.49	.51	.49	.39	.31	.19	.22	.26	.25	.21	.25	.27	.26	.15	.35	.51	.56	(--)

\*Correlation scores below .10 are insignificant at the .05 level.