SUCCESSION PLANNING AND SITUATIONAL ENGAGEMENT

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Succession planning is the creation of a pool of high potential employees that receive specific training and developmental opportunities with the intention of promotion. There is a definite need to deepen our understanding of what implications there are from a psychological point of view for employees when a major process like succession planning is implemented. Employee engagement is the experienced commitment, which leads to discretionary effort. The purpose of this research is to explore an underlying factor structure for engagement drivers and understand how a major organizational initiative, succession planning, impacts employee engagement.

This research was conducted at a petroleum organization in the Southwest United States (N = 2023) and compares engagement based on group membership in a succession planning process (Informed-High Status, Uninformed-High Status, and Uninformed-Low Status). The underlying factor structure of drivers was found to have one factor of engagement. There was a significant difference in the engagement levels based on membership within the succession plan (high status versus low status). However, communicating to an employee their involvement in the succession plan did not differentiate between engagement levels.

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CHAPTER 1

INTRODUCTION

Across many disciplines, researchers have struggled to understand the conditions that facilitate individuals fully engaging their will when taking certain actions. In the context of work, this evolved to how do organizations fully engage their employees so that they can contribute their maximum value? In the shift from the Industrial Age to the Knowledge Age, organizations have struggled more with how to fully engage employees in their work (Nyce & Schieber, 2001). Organizations have learned that while compensation and benefits are necessary, they are not sufficient means to retaining and motivating employees which are a vital resource to accomplishing business goals (Sonnetag, 2003). Fully engaged employees not only stay with organizations, but also act as advocates for the organization (May, Gilson, & Harter, 2004).

A principal reason that employee engagement is important to organizations is the economic benefit. In a survey of 6,900 managers, 89% said it was more difficult to attract talented people than it was in the previous three years, while 90% said it was more difficult to retain them (Axelrod, Handfield-Jones, & Welch, 2000). This survey was conducted in 2000 and by all indications the trend has continued. Taking into account the financial benefits of high retention rates, increased productivity, and informal marketing, it is no wonder why many organizations are compelled to increase employee engagement. If employees are truly the organizations most valuable resource, then the issue of engagement becomes even more vital to achieving long-term success. Organizations treat the engagement of employees as both a commitment and an investment (Sonnetag, 2003). Engagement is the difference in employees being “custodians” of the position and becoming “innovators” of both the position and the organization (Van Maanen & Schein, 1979). In the rapidly changing work environment,

organizations need employees to not only accept assignments, but change them when necessary. The difference between an engaged workforce and a disengaged workforce has tremendous meaning to the bottom-line of an organization and to the well being of the employee. The growing line of engagement research strives to determine why some individuals engage in their work while others disengage. There are two divisions in the engagement research: the focus on the internal causes of engagement (the attitudinal perspective) and the focus on the external causes of engagement (the situational perspective). Both perspectives will be explored. Comprehension around employee engagement focuses on understanding the concept and how does it benefit the organization. There is a deficiency in research as to how organizational initiatives impact engagement.

The purpose of this research is to explore how a major organizational initiative impacts employee engagement. This initiative is the creation of a pool of high potential employees that receive specialized training and developmental opportunities with the intention of promotion as in a succession planning or succession management system. Because of the dearth of research on effects of succession planning on individuals, the creation of this group can be linked back to the social psychology ingroup/outgroup research and thus has a theoretical basis for exploring engagement. Kahn and Kahm (1994) provide a powerful analogy when stating that employees can be viewed as a fountain that with the appropriate combination of organizational characteristics will decide to pour themselves into the organization. This research is dedicated to understanding how succession planning processes and high potential status affect the decision to turn on the proverbial fountain of engagement.

CHAPTER 2

LITERATURE REVIEW

Succession Planning

Succession planning describes organizational actions surrounding the transition of an employee through planned leadership positions with the intent of building skills and experiences in preparation for a more advanced position. Historically, succession planning focused on the transitions within family owned businesses (Gorne, 1998; Levitt, 2005; Miller, 1998; Ross, 2004). Over the past 10 years, succession planning has become a major initiative within many organizations (Collins & Porras, 1997). Succession planning has been practiced more systematically in a large number of organizations at levels beyond just senior management (Garman & Glawe, 2004). In fact, estimates suggest that 40% to 65% of companies have implemented a succession planning process (Garman & Glawe, 2004). As a caveat, it should be noted that the samples for the Garman and Glawe research were from previous studies that had limited scope in terms of diversity of businesses. Recent articles have focused on planning for CEO succession (Conger & Nadler, 2004; Friedman & Singh, 1989), keeping talented women on the path for future leadership positions (Hewlett & Luce, 2005), and what Conger and Fulmer (2003) refer to as "building the leadership pipeline."

Importance of Succession Planning

In order to fully appreciate why succession planning has become such a substantial priority for organizations, it is essential to understand how top management is viewing talent. As previously discussed, managers feel that it is becoming increasingly difficult to attract and retain talented employees (Axelrod et al., 2000). Demographics are also changing the way in which

organizations conceptualize the work force. The baby boomers, a large demographic group of individuals born between 1946 and 1964, are becoming eligible for retirement (Mermin, Johnson, & Murphy, 2006; Toossi, 2004). It is anticipated that the impending baby boomer retirements will reduce the labor force growth, which could result in an insufficient number of employees and/or inadequate skills, thus hindering economic progress (Nyce & Shieber, 2001). Succession plans are designed to address the potential void of skilled employees.

In addition to a reduction of talented employees, the importance of qualified managers is magnified. In a survey of 410 executives at companies in the United States, the best 20% of managers were estimated to increase productivity by 40%, increase profit by 48%, and increase sales revenue by 67% (Axelrod et al., 2000). As the economy continues to become more complex, there is higher demand for more sophisticated employees who posses global business acumen, technical literacy, multiculturalism, and entrepreneurialism (Chambers, Foulon, Handfield-Jones, Hankin, & Michaels, 1998). In sum, because high quality managers have more economic impact and are becoming more difficult to find, managing talent is an increasingly high priority for organizations. Many organizations are addressing this challenge through the process of succession planning (Collins & Porrass, 1997; Guthridge, Komm, & Lawson, 2006)

Succession planning is a strategic process where organizations develop a system that promotes internal development, rotational assignments, and promotional opportunities (Leibman, Bruer, & Maki, 1996). There have been tremendous discussion in the business literature regarding how to build a strategic workforce and succession planning has often emerged as the answer (Ciampa, 2005; Conger & Nadler, 2004; Groysberg, Nanda, Nohria, Huselid, Beatty, Becker, & Simons, 2005). In fact, to some, succession planning is the only answer. In the

bestseller *Built to Last*, the authors refer to a culture of succession planning not only as a habit of visionary companies, but the unifying factor (Collins & Porras, 1997).

One of the most prevalent questions related to succession planning, is what are the financial outcomes of implementing this initiative? Many opinion-based articles exist on such a topic, but research studies are scarce. As with any discussion of return on investment or utility, it should be noted that the vast quantity of variables impacting financial return will inevitably have varying degrees of impact. The existing research studies indicate that succession planning does indeed have a significant financial return. For example, the death and subsequent succession of a CEO was usually negatively related to stock returns (Worrell, Davidson, Garrison & Chandy, 1986); however, organizations that immediately name an internal successor for a CEO position experienced positive market reactions and were thus viewed more favorably by investors (Worrell & Davidson, 1987). This study of CEO successors controlled for some of the contextual variables that have previously caused questions over the direct impact of succession planning such as size of organization, internal versus external successor, and impetus to succession (death, retirement, or removal by board) (Worrell & Davidson, 1987). In a survey of nearly 7,000 managers at 56 large and midsize organizations, managers rated the effectiveness of talent management practices (including succession planning), and the organizations that were rated in the highest quintile tend to pay higher return to shareholders than the industry mean, by an average of 22 percentage points (Axelrod et al., 2000). Another study examines the relationship between components of a succession planning process and organizational reputation and financial performance. Organizations with stronger succession process characteristics (e.g., resource allocation, support staff, formalized process) had higher outcome measures of reputation, financial success, reduced turnover, and succession plan effectiveness (Friedman,

1986). It is important to note that this study also took into account and controlled for the contextual variables such as industry, size, and board composition that impact the organizational outcomes.

Succession Planning Process

In an effort to understand the succession planning process, practices commonly used in organizations are reviewed below. The succession planning initiative should be tied to organizational strategy (Friedman, 1986; Herrara, 2002; Leibman, et. al., 1996). The organizational strategy must drive how the organization approaches managing talent and the succession process. For example, an organization that is strategically attempting to double in size over the next 10 years will need to plan for the accelerated development and back filling of positions as employees move to these newly created positions. In contrast, an organization more intent on maintaining its position in the market place, will need to plan for succession from the standpoint of normal attrition and retirements of key position holders. As with many organizational initiatives, senior leadership support is crucial (Rothwell, 2002; Friedman, 1986). Nominations for each position should take a "talent pool approach" meaning that for every position there are several nominated candidates who are selected to be a part of the pool based on specific criteria (Byham, Smith, & Paese, 2002; Kesler, 2002). Once candidates are selected, tailored development opportunities including possible job rotations should be required for candidates (Rothwell, 2002; Patton & Pratt, 2002; Hicks, 2000; Leibman et al., 1996). The process should be simple, flexible, and regularly reviewed (Conger & Fulmer, 2003; Karaevli & Hall, 2003; Kesler, 2002). Finally, the process should be open and communicated (Conger & Fulmer, 2003).

The last point of open communication seems to cause the most difficulty for organizations (Leibman et al., 1996). By its very nature, succession planning is a sensitive process involving promotions. Communicating involvement in such a process may impact employees' perceptions of the organization; and thus, their motivation (Hall, 1986). Employees not included on the succession plan may feel disappointed about not being on the "fast track" and consequently, succession planning is often "shrouded in mystery" (Leibman et al., 1996, p. 23). Organizations who make the choice not to communicate to employees that a succession plan exists may protect the motivation of the employees not on the succession plan, but they also miss out on an opportunity to motivate their key employees and discover their career aspirations (Hall, 1986). Organizations abound with informal stories about employees who are on the succession plan, yet leave because they do not clearly see future opportunities (Leibman et al., 1996). While it is obvious from the literature previously reviewed that succession planning is a priority to organizations and being done in a fairly consistent manner, the long term consequences and benefits to individuals' affect have not been explored. There is a definite need to deepen our understanding of what implications there are from a psychological point of view for employees when a major process like succession planning is implemented. In this case, practice is leading research. Because of the absence of research surrounding the effects of succession planning on the individual, theoretical connections are made to the research of ingroups and outgroups in social psychology.

Ingroup/Outgroup Formations

Once again, a major trend in organizations is to create a pool of high potential employees that receive specific training and developmental opportunities with the intention of promotion.

These types of systems have received sparingly little attention in the research, but are extremely prevalent in practice (Magnuson, Preston, Gerber, Barnett, 2006). In essence, this is the creation of an ingroup even if not by a specific leader, but rather by an organizational endorsement. As with any highly selective ingroup, this meets both the need of inclusion and the need of distinction of the individual (Brewer & Brown, 1998). The high potential status creates an ingroup whose favorable status builds a social identity.

Ingroup Biasing

One of the main effects of the differentiation of ingroups and outgroups is the creation of ingroup bias or ethnocentrism which is the more positive evaluation of the ingroup than the outgroup (Sumner, 1906). The most direct impact of the positive evaluation of the ingroup is more resources tend to be allocated to the ingroup thus reinforcing this ingroup belief. Thus, once receiving organizational endorsement such as through a succession plan process, there could be a cumulating process of biasness. Also, with taking into account Social Identity Theory it is easy to see why the ingroup/outgroup biasing continues. Tajfel and Turner (1986) state that social identity is the self-conceptualization derived from emotionally significant groups. In addition to personal identity, the social identity can further individual and collective self-esteem. Social Identity Theory postulates that individuals seek to belong to a group because of the positive affect derived from that experience (Tajfel & Turner, 1986). This aspect supports the idea that the ingroup bias resulting from an organizational endorsement will continue over time.

Ingroup biasing has a significant impact on individuals. This social identity of belonging to the victorious ingroup boosts an individual's self-esteem (Franzoi, 2003). In contrast, the threat on social esteem can cause people to engage in protective behaviors like ingroup biasing.

The manifestation of ingroup biasing can be seen in an individual selectively remembering the positive actions of ingroup members while selectively forgetting the negative actions of the same ingroup members or by selectively remembering the negative actions of the outgroup members and selectively forgetting the positive actions of the same outgroup members (Sherman, Klein, Laskey, & Wyer, 1998). Obviously this will result in overestimating the ingroup, as well as, underestimating the outgroup. Organizational endorsement from succession planning may continue the cycle of ingroup biasing. Overall, ingroups that have higher status have been found to engage in more ingroup biasing than groups with lower status (Mullen, Brown, & Smith, 1992). Ingroup members tend to demonstrate ingroup biasing when the dimension assessed is what dimension they believe the ingroup is formed around (e.g., superior ability, creativity) (Mullen, Brown, & Smith, 1992). In a succession planning process, employees believe that the ingroup is formed around potential to advance.

Ingroup biasing is also directly related to the perception of whether or not group status will be likely to change (Tajfel & Turner, 1986). Three factors affect whether or not group status is perceived as likely to change. The first factor, permeability of the group boundaries, is how much group members perceive themselves as being able to change groups. Under conditions of high permeability (likely to change memberships), high-status ingroup members reaffirm their ingroup status while low-status members express greater dissatisfaction for their group (Tajfel & Turner, 1986). The second factor, stability, is the security of the status hierarchy. (Tajfel & Turner, 1986) In unstable conditions, the low-status group has more ingroup identification than a low-status group in a stable condition. Finally, size of the group also affects stability such that when the minority group is higher in status than the majority, there will inevitably be more instability. Thus, restricted access and eliteness of the ingroup is likely to impact status

perceptions. In a succession plan process, the perception of potential status change varies across organizations, but is certainly a factor that should be examined when exploring how ingroup biasing impacts succession planning (Tajfel & Turner, 1986).

Succession Planning Levels

Based on the literature review of succession planning and the theoretical framework of ingroup/outgroup research, a foundation for conceptualizing succession planning awareness will be established. As previously discussed, there is a question as to what should be communicated to employees regarding the succession plan. In essence, what level of transparency about the succession plan should employees have? When conceptualizing transparency, there are four theoretical categories, although practically, there only exists three categories. The change from the theoretical levels to the practical levels is dependent on the informal communication networks. Figure 1 provides an illustration of the various possible levels of awareness. In Uninformed-Low Status, employees are not on the succession plan and do not know that a succession plan exists. In Uninformed-High Status, employees are on the succession plan, but do not know that it exists. In Informed-High Status, employees are on the succession plan and do know that the plan exists. There also exists a fourth category of employees who are not on the succession plan, but know that a succession plan exists. Practically, awareness of the succession planning process is difficult to control. Even though employees may be instructed to keep succession planning status confidential, the informal communication networks make it difficult to assess whether or not one does knows that a succession plan exists. It should be noted that organizations rarely are at a point where employees are on the succession plan, but do not know it. This could happen when an organization is putting the succession planning process in place.

As evident in Figure 1, ingroup status increases with both the inclusion in the succession planning process and the communication about that process. The Uninformed-High Status group has been viewed more favorably by the organization and thus was included in the succession plan. This is effectively creating an ingroup through organizational endorsement. The intensity of ingroup identification for the Uninformed-High Status group is mitigated by the official organizational communication. Because an individual has not received the affirmation from an organizational endorsement, the effects of being in an ingroup will not be as strong even though indirect preferential treatment is occurring.

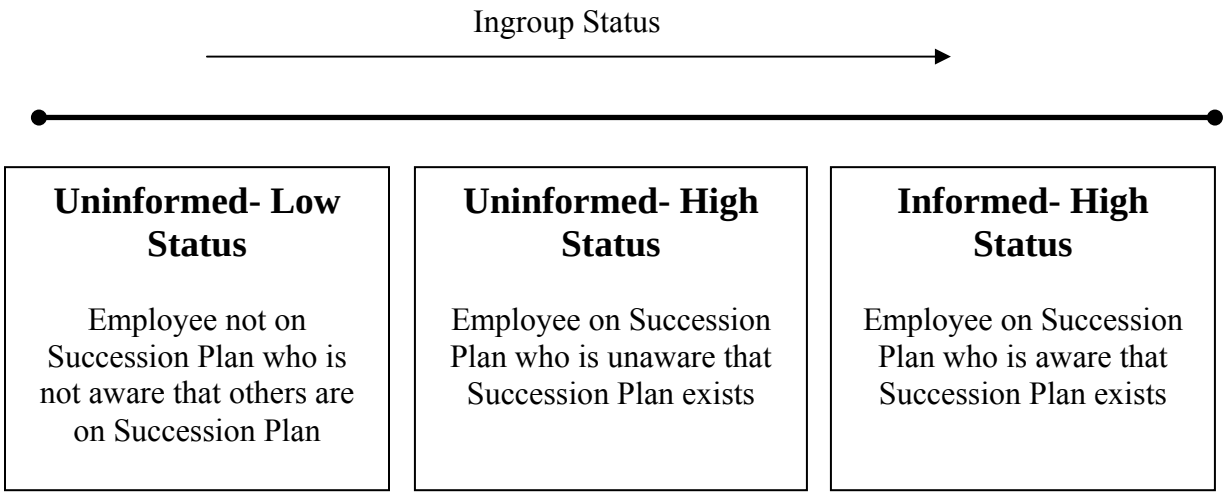

Figure 1. Succession planning status levels.

Employee Engagement

Over the past decade, substantial research has focused on linking employee attitudes with financial results (Bates, 2004; Baumruk, 2004; Heskett, Jones, Loverman, Sasser, & Schlesinger, 1994; Koys, 2001; Richman 2006; Rucci, Kirn, & Quinn, 1998). Perhaps the most recognizable work along this line of research is the Employee-Customer-Profit Chain (Rucci, Kirn, & Quinn, 1998). Essentially, the profit chain model emphasizes the importance of people in business because employees and customers are directly linked to performance. By enhancing the employee's experience (being a compelling place to work), customers will have a more positive experience (being a compelling place to shop), and thus the business will grow and flourish (being a compelling place to invest) (Rucci, Kirn, & Quinn, 1998). By extending this model to the concept of employee engagement, similar financial returns become evident.

In their business unit meta-analytical study, Harter, Schmidt, and Hayes (2001) found employee engagement and job satisfaction are significant predictors of organizational outcomes such as customer satisfaction-loyalty, productivity, and profitability as well as a negative predictor of turnover. Other reported employee engagement business results include decreases in attrition, absenteeism, overtime, and product time to market (Kaufman, Johnson, Peterson, Rouzi, Ramsay, Gareau, Macey, 2006). Engaged employees feel their work is satisfying, go beyond the call of duty, demonstrate pride in their organization, and promote their organization (Kaufman et al., 2006). In 1999, The Gallup Organization demonstrated that engaged employees are more productive, more profitable, more customer-focused, safer, and less likely to leave the organization. In a study of financial advisors, engaged employees had portfolio holdings 40% higher than employees who were considered not engaged and took 25% fewer sick days (Shull, McDade, Bernthal, Labadie, 2006). In a major distributor, higher engagement is not only related

to higher sales, but it is also negatively related to safety incidents. In addition, the same employee that has low engagement (bottom 25%) is five times more likely to have a safety incident (Shull, et al., 2006). In a study at a software organization, highly engaged employees were more likely to be high performers and five times less likely to voluntarily leave (Kaufman et al., 2006) demonstrating that engagement has significant positive impact for the business**.** While these studies provide a clear illustration as to the impact engagement has on the economic factors of the organization, they lack consistency as to the measurement of engagement.

Organizations are not the mutually exclusive beneficiary of employee engagement; individuals also benefit from the results of engagement. By engaging in meaningful work, employees perceive benefits of the work (Britt, Adler, & Bartone, 2001). Engagement is related to good health and positive work affect (Demerouti, Bakker, de Jonge, Janssen, & Schaufeli, 2001; Rothbard, 2001) and can help buffer employees from work related stress (Britt & Castro, 2005). Engagement impacts both group and individual creativity (Drazin, Glynn, & Kazanjian, 1999). In sum, engagement has both significant individual and business results making it a priority for organizations especially given the competitiveness for talent discussed previously**.** The impact of major organizational initiatives on employee engagement has yet to be explored.

Defining Eengagement

Employee engagement is viewed as the application of discretionary effort for the benefit of the organization (Frank, Finnegan, & Taylor, 2004; Seijts & Crim, 2006). Engaged employees are inspired by their work, committed to their work, and enthralled with their work (Rutledge, 2006). Engaged employees feel a strong emotional bond to the organizations that employ them (Robinson, Perryman, & Hayday, 2004). One of the most recognized definitions of employee

engagement is Kahn's (1990) idea that employee engagement is the employing and expressing of one's "preferred self" in a role. The employing of oneself can be viewed as effort while the expressing of oneself can be viewed as creativity (Kahn, 1990). These two components of employing and expressing establish the relationship of the self to the role. Thus, the fully engaged employee contributes both effort and creativity to her role. As Shamir (1991) states, humans are not only goal-oriented beings, but also self-expressive and creative. People seek out ways in which to demonstrate their authentic self. This fundamental belief of human nature translates to the desire to be engaged. The lack of engagement is often seen as a motivation or commitment problem (Aktouf, 1992) or as a display of apathy or alienation**.** Work alienation as a construct is a general attitude reflecting the tendency to respond to endeavors with a lack of both workplace enthusiasm and involvement (Hirschfeld, Feld, Bedeian, 2000). In these instances, individuals are not fully expressing themselves**.**

Engagement can be conceptualized as the process of employees feeling compelled to add value through exerting considerable effort on behalf of the organization due to their psychological experiences (Kahn, 1990). More recently, engagement has been defined as the extent of employees' commitment, work effort, and desire to stay with an organization (Kaufman et al., 2006). When referring to commitment, engagement is referring to affective commitment or the strength of identifying with the organization rather than continuance commitment, which is the cost of not consistently demonstrating commitment behaviors (Allen & Meyer, 1991; Meyer & Allen, 1987; Mowday, Steer, & Porters, 1979). Continuance commitment, which focuses on the cost of not performing behavior, motivates employees to do the minimum required (Meyer, Paunonen, Gellatly, Goffin, & Jackson, 1989). Engagement has also been recently defined as a combination of job involvement, satisfaction, and enthusiasm for work (Harter, Schmidt, &

Hayes, 2001). Kahn has emerged as one of the most prominent researchers of employee engagement and has broken the concept into the categories of physical and psychological engagement (Kahn, 1990). Both types are contingent on having the necessary resources (physical or psychological) to engage in the work. Psychological engagement can further be described as a combination of the emotional and cognitive. Emotional engagement means an individual is forming meaningful connections to others and experiences empathy for others' feelings, (Kahn, 1990). Cognitive engagement is being aware of the mission and role in the work environment (Kahn, 1990). Employees can be engaged on one dimension and not the other; however, there is a compensatory relationship in that being higher on each dimension increases overall engagement (Kahn, 1990). In essence, engagement is a result of the psychological experiences of work and can be seen by employees either "presenting of absenting themselves for their work" (Kahn, 1990, p. 694). Employees who are engaged understand what is expected of them, form strong relationships with co-workers and managers, and experience meaning in their work (Luthans & Peterson, 2002). The positive conditions that lead to engagement will be discussed as the drivers of engagement.

Differences in Engagement and Related Concepts

Kahn (1990) differentiated between engagement and job involvement, job commitment, and intrinsic motivation by saying that (p. 719):

> While these constructs add to our understanding of how employees perceive themselves, their work, and the relation between the two, the understandings are too general, existing at some distance from the day-to-day process of people experiencing and behaving within particular work situations.

Engagement is certainly related to the concept of job involvement, which is defined as the "degree to which the job situation is central to the person and his identity" (Lawler & Hall,

1970, p.310). Job involvement is essentially the cognitive state of the job meeting the individual's needs (Kanungo, 1982). As Kanungo (1982) describes it, job involvement is a cognitive state. May, Gilson, and Harter (2004), expand this definition to include a cognitive judgment regarding if the job meets the individual's needs and is tied to one's self-image. Cooper-Hakim and Viswesvaran (2005) define job involvement "as the degree to which an employee psychologically relates to his or her job and the work performed therein" (p. 244). In comparison, engagement is the expression of the evaluation of the job meeting the individual's needs. It involves emotional and physical expression in addition to cognitive processes. May, Gilson, and Harter (2004, p. 12) suggest, "engagement may be thought of as an antecedent to job involvement in that individuals who experience deep engagement in their roles should come to identify with their jobs. Job involvement is centered on job identification, which is the importance of the role to the individual (Stryker and Serpe, 1982).

Engagement is centered on the expression of job or organizational commitment. Job commitment is the attachment to the role while organizational commitment is the attitude and attachment toward the organization (Allen and Meyer, 1991). While these two concepts at first seem similar, it is clear that engagement builds on the concept of commitment. The Corporate Leadership Council (2004) frames engagement as, "the extent to which employees commit to something or someone in their organization, how hard they work, and how long they stay as a result of that commitment." Commitment is the strength of identification an individual has with an organization (Steers, 1977). Engagement builds on commitment to account for the effort included beyond commitment.

Engagement is also closely related to the concept of flow (Csikszentmihalyi, 1975, 1990). Flow is defined as the state of "holistic sensation" where individuals act with complete

involvement (Csikszentmihalyi, 1975, p. 36). In a flow state, individuals lose consciousness and blend the activity with themselves. Like involvement, flow is a cognitive state resulting in total immersion of the role. Engagement builds on this concept by taking into account the expression of this immersion. Although the definition and meaning of engagement has often overlapped with other psychological constructs in the practioner literature, in the academic literature it is an unique and distinct construct focused on role performance through cognitive, emotional, and behavioral components (Saks, 2006).

Attitudinal Perspectives of Engagement

There are two distinct perspectives in the employee engagement literature, one that focuses on internal causes of engagement (attitudinal) and one that focuses on the external causes of engagement (situational). Both of these perspectives need to be understood to fully appreciate the concept of engagement. Schaufeli and Bakker (2004) characterize attitudinal engagement as a "persistent, positive, affective-motivational state of fulfillment" (p 294). This view of engagement as a trait-based concept suggests that there are three separate and distinct components of engagement consisting of vigor, dedication, and absorption (Schaufeli, Salanova, Gonzalez-Roma Bakker, 2002). Vigor is possessing high levels of energy to invest in work, dedication is a sense of significance and pride, and absorption is being engrossed in one's work or in a state of "flow" (Csikszentmihalyi, 1990) which is a match between skills and challenges (Schaufeli & Enzmann, 1998). In this attitudinal perspective, engagement is the opposite of burnout with the dimensions of exhaustion and cynicism (burnout) being opposites of vigor and dedication (engagement), (Duran, Extremera, & Loudres, 2007; Gonzalez-Roma, Schaufeli, Bakker, & Lloret, 2006). Under this perspective, employees who are likely to be engaged possess

certain personality characteristics such as low neuroticism, high extraversion, and high mobility (Langelaan, Bakker, van Doormen, & Schaufeli, 2006).

An example of how the attitudinal perspective of engagement is put into practice is Rothbard's (2001) study on engagement in both work and family situations. Rothbard (2001) looked at the effects of multiple roles on engagement and the mediating effects of gender. She found that family roles do not limit work engagement for men and actually increased work engagement for women thus illustrating that there is not a limited engagement capacity to be applied to one role. By examining capacity for engagement, she was looking for a trait based difference in engagement; thus, the attitudinal perspective.

Situational Perspective of Engagement

While the attitudinal or state view of engagement may describe the experience of being engaged; the situational perspective describes how employees become engaged. The situational perspective concentrates on how employees evaluate a situation and determine the level of engagement. Again, Kahn (1990) believes that engagement is expressed physically, cognitively, and emotionally. For Kahn (1990), individuals make a decision of engagement based on three characteristics of the situation: meaningfulness, safety, and availability. Meaningfulness is an evaluation of the cost of investing energy (i.e., physical, cognitive, and emotional) and is experienced when employees feel that their work is valuable and they are contributing (Kahn, 1990). Individuals are motivated to seek meaning in their work (Frankl, 1992). The value of the work is judged against an internal standard (Hackman & Oldman, 1980; May, Gilson, & Harter, 2004; Renn & Vandenberg, 1995). In Kahn's (1990) ethnographic research, he found that meaningfulness is impacted by three factors, task characteristics, role characteristics, and work

interactions. Kahn's (1990) list does not take into account creating organizational goals, values, and purpose which could also be situational factors impacting engagement. Based on the Job Characteristics Model of Hackman and Oldman (1980), enriching the job characteristics (i.e., skill variety, task identity, task significance, autonomy, and feedback) increases the meaningfulness experienced by employees (Renn & Vandenberg, 1995), as well as, the psychological condition of meaningfulness (May, Gilson, & Harter, 2004). The higher the "fit" between a person and her job, the more meaningful in the experience (May, Gilson, & Harter, 2004).

The second characteristic, safety, is a situation where employees feel free to express themselves without concern for the damage to their "self-image, status, or career" (Kahn, 1990). When people feel safe, they are more likely to express themselves and promote change (Kahn, 1990). Safety is impacted by interpersonal relationships, group dynamics, management style, and organizational norms. May, Gilson, and Harter (2004) found that positive supervisor relations and rewarding co-worker relations are associated with a perception of safety. Supervisor and co-worker interactions that are viewed as supportive and trustworthy are more likely to produce feelings of safety (Edmondson, 1996). Furthermore, perceptions of safety have been found to enhance employee creativity (Deci, Connell, & Ryan, 1989; Oldham & Cummings, 1996).

The third characteristic, availability is the sense of having the necessary resources to become engaged (Kahn, 1990). Kahn states that factors that impact availability include: physical energy, insecurity, and outside life (1990). More recently Rothbard showed that availability may actually be positively impacted by non-work related situations, as well as, work situations (2001). The concept of recovery is the restoring of the individuals necessary resources which when depleted may cause mood and performance strain (Repetti, 1993; Zohar, 1999).

Insufficient recovery is related to increased burnout (Sluiter, Van der Beek, & Frings-Dresen, 1999) while recovery is related to overall engagement (Sonnetag, 2003).

In the situational perspective, the opposite of engagement is disengagement, which is the withdrawal and defending of the self from a role. Withdrawing is commonly referred to as "burnout" while defending is known as being "closed" or "unexpressive" (Kahn, 1990). Engagement and burnout can be conceptualized as a continuum with individual and contextual factors impacting the level (Leiter & Maslach, 2000; Salanova, Schaufeli, Llorens, Peiro, & Grau, 2000). According to Maslach, Schaufelli, & Leiter (2001), workload, control, rewards and recognition, community and social support, perceived fairness, and values lead to both burnout and engagement. When role demands are not weighed against internal thoughts and feelings, the role results in a lack of creativity and personal connection (Kahn, 1990; Van Maanen & Schein, 1979). This disengaging is considered a display of apathetic behavior (Hochschild, 1983).

Another example of situational engagement is The Gallup Organization's (1999) line of research on employee engagement. Gallup conceptualizes and measures engagement through 12 questions on the Gallup Workplace Audit (GWA; the Gallup Organization, 1992-1999), which were derived from focus groups (Buckingham & Coffman, 1999). As a basis for the GWA, Harter, Schmidt, and Hayes (2001) point out employees are (p. 269):

> emotionally and cognitively engaged when they know what is expected of them, have what they need to do their work, have opportunities to feel an impact and fulfillment in their work, perceive that they are part of something significant with coworkers whom they trust, and have chances to improve and develop.

Luthans and Peterson (2002) propose that Kahn's (1990, 1992) framework for personal engagement coupled with Gallup's theorization of employee engagement can in effect create one comprehensive engagement theory. There is a conceptual match between Kahn's theoretical perspective and Gallup's measurement of employee engagement increasing the theoretical

foundation of employee engagement. While the efforts to create a comprehensive theory are commendable, one of the gaps is that Gallup's approach to measuring engagement is focused on a specific engagement index (The Gallup Organization, 1999). The engagement research is shifting to focus on drivers, which supply an organization with more tangible results on which to focus improvement efforts (Corporate Leadership Council, 2004; Dahl, Arnold, Guenther, & Hutcheson, 2006; Developmental Dimensions International, 2006; Robinson, Perryman, & Hayday, 2004; Shull, McDade, Bernthal, & Labadie, 2006).

Kahn's (1990) theory suggests that people evaluate how multiple influences (e.g., individual, interpersonal, group, intergroup, and organizational) measure up to the three critical considerations of meaningfulness, safety, and availability. May, Gilson, and Harter (2004) worked to create a comprehensive model of how these three areas for critical consideration combine in specific situations to create engagement. In their findings, meaningfulness had the strongest relationship with engagement followed by safety. In their proposed model, availability did not have a significant relationship with engagement until the effect of resources was taken into account. It is interesting to note that resources serve as a suppressor variable for availability; meaning that when resources are held constant, the more psychologically available an individual is, the more likely they are to engage in their work. Because of the significance of these considerations, the concepts of meaningfulness, safety, and availability are vital to understanding the process of employee engagement. In the study by May, Gilson, & Harter (2004), job enrichment and role fit were positive predictors of meaningfulness; rewarding co-workers and supportive supervisors were positive predictors of safety while self-consciousness and adherence to norms were negative predictors of safety; and participation in outside activities was a negative predictor of availability. While Kahn's (1990) three-prong approach to engagement (availability,

meaningfulness, and safety) is considered the original foundation of engagement research, many derivations of how engagement is conceptualized and measured have emerged through what will be discussed as drivers of engagement (See Table 1).

While the attitudinal perspective is important to understanding engagement, this research will concentrate on the situational perspective. This is because organizations have more control over situational variables that can increase employee engagement. An example of an intervention that impacts engagement is Kahn's (1993) study of a caregiver organization that focused on techniques and training that can increase engagement and reduce burnout. This situational perspective allows for organizational interventions to contribute to engagement, while the attitudinal perspective may lend itself more to selecting employees based on their capacity for engagement. When conceptualizing employee engagement, it should be noted that the situational and the attitudinal perspectives likely interact. For example, while the organization may provide communication with the intent of increasing an employee's engagement, an individual employee may need more communication than his coworker. For the purposes of this research, we will focus on the situational perspective of engagement because it is what the organization can directly address.

Drivers of Employee Engagement

While understanding and consensus on the definition of engagement has been established (as previously discussed), questions as to what drives engagement still prevail. In other words, the importance of engagement is evident to business outcomes and employee well being and the concept of engagement is defined; however, there is a deficiency of agreement as to how to measure engagement. In a review of the literature, engagement drivers vary based on who is

assessing engagement. However, some drivers are prevalent across different measures of engagement. Table 1 provides an account of engagement drivers found in both research (Robinson, Perryman, & Hayday, 2004; Shull, McDade, Bernthal, & Labadie, 2006; Dahl, Arnold, Guenther, & Hutcheson, 2006) and practice (Developmental Dimensions International, 2006; Corporate Leadership Council, 2004). Through the apparent variety of engagement drivers, it can be concluded that there is a need to establish a comprehensive set of drivers. As evident from Table 1, there is a wide array of potential drivers of engagement. Some of the most frequently used drivers include Development, Inclusion, and Recognition. Access to a reliable set of drivers will allow for measurement and construct building around employee engagement.

For the purpose of this research, the drivers of engagement were determined from a priority sort of engagement drivers by a panel of five industrial/organizational psychologists who served as subject matter experts (SME). Each SME was asked to prioritize engagement drivers that they believed had the most impact on employee engagement. The methodology for the priority sort will be discussed in the next section. Through this method, 12 drivers were identified.

While a common definition around engagement has been established and common drivers are known, there is a lack of information as to a possible latent factor structure of engagement drivers. By detecting an underlying structure to the variables, it will further our understanding of engagement and allow for future model building. The drivers of engagement will be examined to evaluate if they cluster together thus reducing the variables needed to accurately conceptualize engagement.

Research Question 1: Is there an underlying factor structure for engagement drivers?

Research Question 2: How are the drivers (or clusters of drivers) related to overall engagement?

Table 1
Potential Drivers of Engagement

	Developmental Dimensions International (2006)	Robinson, Perryman, & Hayday (2004)	Corporate Leadership Council (2004)	Shull, McDade, Bernthal, & Labadie (2006)	Dahl, Arnold, Guenther, & Hutcheson, 2006
Advancement		Career opportunities	Accurately evaluates employee's potential		
Alignment	Organizational alignment		Connection between work and organizational strategy		
Collaboration	Collaboration				
Communication		Communication	Internal Communication	Communication	
Competitiveness/ Customer Focus			Customer focus		Customer experience
Development	Opportunities to learn and grow		Encourages employee development	Growth and development	Focus on development
Empowerment	Sense of ownership and empowerment		Trusts employees to do their job		
Ethics/Integrity			Demonstrate honesty & integrity		
Feedback	Meaningful feedback and coaching	Performance management	Quality of informal feedback	Too little coaching and feedback	

(table continues)

Table 1 *(continued).*

	Developmental Dimensions International (2006)	Robinson, Perryman, & Hayday (2004)	Corporate Leadership Council (2004)	Shull, McDade, Bernthal, & Labadie (2006)	Dahl, Arnold, Guenther, & Hutcheson, 2006
Flexibility			Flexibility		
Goals	Goals and accountability		Clearly articulates goals		Focuses on performance
Inclusion		Equal opportunities & fair treatment	Demonstrates strong commitment to diversity	Involvement & belonging	Valuing individual differences
Innovation			Encourages innovation		
Leadership Trust			Identifies and articulates a long-term vision for the future	Future vision Trust	
Managerial Effectiveness	Relationship with supervisor	Immediate management	Managerial attitude/skills		
Pay/Benefits		Pay			
Project Management			Understanding of how to complete work projects		
Recognition	Recognition			Rewards and recognition	
Satisfaction		Job satisfaction			
Training/ Resources		Training & development	Ability to obtain necessary information		
Work Matched to Strengths	Work matched to strengths		Possesses job skills		

Connecting Succession Planning and Engagement

When examining both the framework of succession planning and drivers of engagement, some connections between these concepts can be hypothesized. As previously discussed, succession planning status may impact employee engagement. One of the key questions of this study is how does transparency of succession planning, which is essentially creating an ingroup/outgroup dichotomy, influence employee engagement.

Research Question 3: How does succession planning impact employee engagement?

Based on the previously discussed ingroup/outgroup research, it is conceivable that higher transparency results in higher employee engagement. The subsequent question becomes which drivers of engagement have the most impact on the different succession planning transparency groups.

Hypothesis 1- There will be a significant different in engagement levels based on group membership status.

Hypothesis 2: Group membership in the succession planning status will predict drivers of engagement.

Based on the recommended structure of succession planning, hypothesized relationships can be established for the drivers that are in closest alignment with succession planning. One of the fundamental premises of succession planning is ensuring that the targeted employee has the right experiences to prepare them for advancement to a leadership position (Leibman et al., 1996). Thus, there is an expectation that the engagement driver of advancement opportunities will have a relationship to participants in the High-Status levels of succession planning transparency. Another key component of succession planning is to focus on developing employees through identifying gaps in current and future skills (Leibman, et al., 1996). This comprehensive development strategy frequently includes, but is not limited to, leadership

assessments, training, mentoring, and coaching (Hall, 1986). Two of the engagement drivers: Development and Training/Resources, should be related to High-Status levels of succession planning transparency. Lastly, one of the anticipated results of a succession planning process is motivating high-potential employees through recognizing both their current contributions and future potential contributions (Leibman, et al., 1996). This element of recognition is also present as a driver of engagement. Accordingly, the four drivers previously discussed (i.e., Advancement, Development, Training & Resources, and Recognition) will be viewed as succession-related drivers. It is predicted that group membership will specifically predict these four drivers.

> Hypothesis 3- Group membership will predict the 4 succession planning related drivers (Advancement, Development, Training & Resources, and Recognition).

CHAPTER 3

METHOD

Participants

The sample consists of 2,147 individuals who are all employees of a downstream petroleum refining and marketing organization in the Southwest United States. The engagement survey was distributed to 2,521 salaried employees resulting in a 85.16% response rate. The ages of participants ranged from 21 to 89 with a mean age of 47.97 and standard deviation of 9.70. Tenure for participants (reported in years) ranged from .08 to 50.80 with an average tenure of 14.81 and a standard deviation of 10.96. Of the 2,147 participants, 615 supervised employees while 1,532 did not supervise employees. Twenty-five employees were American Indian, 39 were Asian, 160 were African American, 208 were Hispanic, and 1715 were Caucasian.

Procedure

An employee in the human resource department notified participants involved in the succession planning process of their status through email contact. These contacts were made over the course of a year. Once contacted, participants were given personality assessments, received individual coaching, and asked to attend an external training course. The script for the initial contact with these participants is located in Appendix A.

All participants were invited to participate in the survey through an email from an executive at the organization. The email provided information on the purpose of the study and can be found in Appendix B. In order to ensure candid responses from participants, the online survey was administered through an external consulting firm. Participants received an individual email from the consulting firm with their unique login information and password to access the

survey. Once logged into the survey, the participants received more information regarding the study's purpose and were provided the informed consent form. Participants were asked to complete the survey on a voluntary basis. Participants' demographic information was recorded based on information in human resources' information systems and tied to the unique login of each participant. The external consulting firm that administered the survey did not release any individual identifying information in the data set in order to ensure complete confidentiality.

Measures

A literature review (Table 1) guided the initial conceptualization of the types of factors that are commonly associated with employee engagement. To determine which drivers should be used in the employee engagement survey, subject matter experts (SME) went through a sorting exercise to establish content validity. After reviewing the concept of employee engagement, five industrial/organizational psychologists were presented with an alphabetic list of drivers from the literature search (see Table 1). All of the industrial/organizational psychologists were internal practioners with a minimum of 5 years of experience; 3 had Ph.D.s and 2 were Masters level. They were instructed to prioritize which drivers they believed had the most impact on employee engagement. Results from the prioritization exercise can be seen in Table 2. The engagement items receiving the highest priority were chosen to be included in the study. Next, items were developed by the researcher to address the selected drivers. All of the SMEs were asked to provide comments on the items, drivers, and response scale.

Table 2

Rater Evaluation of Priority of Engagement Drivers

	Rater 1	Rater 2	Rater 3	Rater 4	Rater 5	Average Priority	Variance	Standard Deviation
Advancement*	5	8	5	12	17	9.40	26.30	5.13
Alignment	9	7	13	17	16	12.40	18.80	4.34
Challenging Assignments	7	16	18	11	22	14.80	34.70	5.89
Collaboration	20	17	19	16	18	18.00	2.50	1.58
Communication*	6	3	6	1	5	4.20	4.70	2.17
Competitiveness/ Customer Focus*	22	10	12	2	11	11.40	50.80	7.13
Development*	8	2	4	10	6	6.00	10.00	3.16
Empowerment*	11	9	11	18	7	11.20	17.20	4.15
Ethics/Integrity*	10	1	3	4	4	4.40	11.30	3.36
Feedback	12	15	16	3	15	12.20	28.70	5.36
Flexibility	13	14	17	21	13	15.60	11.80	3.44
Goals	15	13	20	13	14	15.00	8.50	2.92
Inclusion*	14	12	7	5	3	8.20	21.70	4.66
Innovation	16	19	15	22	12	16.80	14.70	3.83
Leadership Trust*	1	4	2	9	9	5.00	14.50	3.81
Managerial Effectiveness*	2	5	1	6	1	3.00	5.50	2.35
Pay/Benefits*	4	22	10	8	10	10.80	45.20	6.72
Project Management	21	20	21	19	20	20.20	0.70	0.84
Recognition*	3	6	8	7	2	5.20	6.70	2.59
Satisfaction	19	18	14	14	21	17.20	9.70	3.11
Training/Resources*	17	11	9	15	8	12.00	15.00	3.87
Work Matched to Strengths	18	21	22	20	19	20.00	2.50	1.58

*Chosen for survey evaluation

After consideration and compilation of the SME suggestions, the engagement survey included 12 scales of engagement with 38 items and 4 items for overall engagement (see Appendix C). The scale names of the drivers are (a) Advancement (b) Communication, (c) Competitiveness, (d) Development, (e) Empowerment, (f) Ethics/Integrity, (g) Inclusion, (h) Leadership Trust, (i) Manager Effectiveness, (j) Pay/Benefits, (k) Recognition, and (l) Training/Resources. Some of the scale names are exactly as seen in the literature review and others were combined or deleted based on input from the SMEs.

Response choices to each item on the engagement survey were on a 5 point Likert scale of *strongly disagree, disagree, neutral, agree, and strongly agree.* All items on the survey were written in the same direction so that answering *strongly disagree* for an item indicates disagreement in terms of the engagement driver for that item. Conversely, answering *strongly agree* indicates agreement in terms of the engagement driver for that item.

Overall engagement was measured through an employee engagement index as part of the survey. Four items were created using feedback from the SMEs. Various engagement indices were reviewed and the four areas common to each index was satisfaction and employment, recommendation, intent to stay at the organization, and pride in the organization (Corporate Leadership Council, 2004; Robinson et al., 2004; Vance, 2006). Therefore, the follwing four items were created to comprise the engagement index:

1. Overall, I am extremely satisfied with (organization) as a place to work.
2. I would recommend (organization) as a great place to work.
3. I rarely think about looking for a new job with another company.
4. I am proud to say I work for (organization).

Succession planning inclusion was determined based on if a participant had been contacted through the formal succession planning process by a member of the Human Resources' department. The process for notification of succession planning status took place over a one-year timeframe. The Informed-High-Status category was derived from employees who had the process explained to them using the script in Appendix C and participated in a personality based feedback session. Employees who were on the succession plan and had not been formally notified were included in the Uninformed-High Status group. Employees who were not on the succession plan were included in the Uninformed-Low Status group. It should be noted that the Informed-High-Status group was asked to keep the process confidential in an attempt to minimizing the number of employees who were not a part of the succession plan but actually knew that the plan existed from the informal social networks that a succession plan existed.

CHAPTER 4

RESULTS

For each driver of engagement, the mean, standard deviation, and correlations are presented in Table 3. For each driver, *z* scores were calculated to examine univariate outliers. If data were missing for certain questions, the data were replaced using the average from the other questions in the same driver. If there were no responses for the entire driver, the case was eliminated. Using this procedure, 65 cases were eliminated. To account for univariate outliers, *z* scores were computed for each driver. There were 11 cases with a *z* score greater than 3.29, which is a standard indicator for outliers (Tabachnick & Fidell, 2001). The probability of Mahalanobis distance was computed using the χ^2 distribution. Fifty-nine cases were identified as multivariate outliers ($p < .001$) and thus deleted which also eliminated the univariate outliers. With the removal of cases with missing data, univariate, and multivariate outliers a total of 2,023 cases remained for analysis. The removal of outlier cases left 72 participants in the Informed-High Status category, 264 participants in the Uninformed-High Status category, and 1,686 participants in the Uninformed-Low Status category.

Table 3

Descriptive Statistics and Correlations of Drivers and Overall Engagement

	Mean	SD	1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.	12.	13.
Advancement (1)	3.66	.93	1.00	.61**	.53**	.60**	.59**	.47**	.66**	.57**	.48**	.51**	.64**	.43**	.63**
Communication (2)	3.60	.86		1.00	.67**	.76**	.73**	.56**	.69**	.74**	.74**	.53**	.70**	.50**	.58**
Competitiveness (3)	3.55	.87			1.00	.58**	.66**	.51**	.63**	.60**	.50**	.48**	.61**	.52**	.59**
Development (4)	3.79	.89				1.00	.67**	.47**	.61**	.66**	.75**	.51**	.66**	.53**	.49**
Empowerment (5)	3.72	.94					1.00	.52**	.66**	.62**	.64**	.47**	.68**	.52**	.53**
Ethics/Integrity (6)	3.81	.94						1.00	.69**	.57**	.43**	.48**	.59**	.42**	.54**
Inclusion (7)	3.54	.93							1.00	.71**	.53**	.58**	.73**	.48**	.70**
Leadership Trust (8)	3.52	.90								1.00	.73**	.53**	.68**	.46**	.68**
Managerial Effectiveness (9)	4.00	.99									1.00	.41**	.59**	.42**	.42**
Pay/Benefits (10)	3.64	.86										1.00	.72**	.47**	.57**
Recognition (11)	3.43	.93											1.00	.51**	.64**
Training/Resources (12)	4.07	.67												1.00	.45**
Engagement (13)	3.49	1.02													1.00

** Correlation is significant at .01 level.

Normality for each of the variables was examined through observing skewness and kurtosis. All variables were within the normal range except for Managerial Effectiveness (skewness = -1.03) and Training/Resources (kurtosis = 1.37). Managerial effectiveness was transformed using the square root function, but transformations did not establish normality for Training/Resources. Based on the correlation matrix in Table 3, the assumption of linearity is met. In examining homogeneity of variance for the different transparency levels, $p > .001$, thus the assumption of homoscedasticity is met. The reliability of the overall survey instrument was measured using Cronbach's alpha coefficient, $\alpha = .97$. The reliability of the engagement index was also measured using Cronbach's alpha coefficient, $\alpha = .92$.

In order to evaluate if there is an underlying factor structure for the concept of engagement (Research Question 1), factor analysis was conducted. A principal components extraction with varimax rotation was performed on the drivers of engagement. Only one component was extracted accounting for 62.24% of the variance as shown in Table 4. This one factor was correlated with overall engagement and $r = .72$, $p < .01$.

Table 4

Principal Factor Loading of Engagement Drivers

	Factor 1
Inclusion	.85
Leadership Trust	.84
Managerial Effectiveness	.77
Pay/Benefits	.70
Recognition	.86
Training/Resources	.65
Advancement	.75
Communication	.88
Competitiveness	.77
Development	.83
Empowerment	.82
Ethics	.70

Note: Factor 1 accounts for 62.24% of the variance

Research Question 2 asked how engagement drivers related to overall employee engagement. This was tested through the use of multiple regression. Stepwise regression was used to determine which drivers of engagement predict overall engagement. Results indicate that all of the steps in this regression model are significantly different from zero as shown in Table 5. Nine of the drivers improved prediction of overall engagement. The best subset of predictors was comprised of Inclusion, Leadership Trust, Advancement, Managerial Effectiveness, Pay/Benefits, Competitiveness, Development, Training/Resources, and Recognition. With these 9 predictors of engagement, $R^2 = .63$, F (9, 2024) = 382.70, $p < .01$. However, the amount of variance accounted for (R^2) changed very little from step 6 to step 9. In step 6 of the regression, F (6, 2018) = 566.64, $p < .01$, significant predictors consisted of Inclusion $\beta = .23$, $p < .001$, Leadership Trust $\beta = .39$, $p < .001$, Advancement $\beta = .22$, $p < .001$, Managerial Effectiveness $\beta = .22$, $p < .001$, Pay/Benefits $\beta = .14$, $p < .001$, and Competitiveness $\beta = .13$, $p < .001$.

Table 5

Stepwise Multiple Regression of Drivers of Engagement on Overall Engagement

Variables	B	SE B	β	*t*	R^2	Adjusted R^2	ΔR^2
Step 1					.49	.49	.49
Inclusion	.77	.02	.70	44.07**			
Step 2					.55	.55	.06
Inclusion	.49	.02	.45	20.96**			
Leadership Trust	.35	.02	.31	14.72**			
Step 3					.59	.58	.04
Inclusion	.35	.03	.32	14.06**			
Leadership Trust	.35	.02	.31	14.72**			
Advancement	.27	.02	.25	12.60**			
Step 4					.60	.60	.01
Inclusion	.35	.02	.32	14.17**			
Leadership Trust	.50	.30	.44	17.86**			
Advancement	.29	.02	.27	13.94**			
Managerial Effectiveness	.61	.06	.20	9.62**			
Step 5					.62	.62	.02
Inclusion	.29	.03	.27	11.89**			
Leadership Trust	.46	.03	.41	16.97**			
Advancement	.26	.02	.24	12.44**			
Managerial Effectiveness	.63	.06	.20	10.13**			
Pay/Benefits	.19	.02	.16	8.89**			
Step 6					.63	.63	.01
Inclusion	.25	.03	.23	9.91**			
Leadership Trust	.44	.03	.39	16.00**			
Advancement	.24	.02	.22	11.65**			
Managerial Effectiveness	.67	.06	.22	10.85**			
Pay/Benefits	.17	.02	.14	8.19**			
Competitiveness	.16	.02	.13	7.00**			
Step 7					.63	.63	.00
Inclusion	.26	.03	.23	10.15**			
Leadership Trust	.44	.03	.39	15.95**			
Advancement	.26	.02	.23	12.00**			
Managerial Effectiveness	.56	.07	.18	7.74**			
Pay/Benefits	.18	.02	.15	8.47**			
Competitiveness	.17	.02	.14	7.40**			
Development	-.07	.03	-.07	-2.82**			

Note. *$p < .05$, **$p < .01$

(table continues)

Table 5 (*continued).*

Variables	B	SE B	β	*t*	R^2	Adjusted R^2	ΔR^2
Step 8					.63	.63	.00
Inclusion	.26	.03	.23	10.07**			
Leadership Trust	.44	.03	.39	15.96**			
Advancement	.25	.02	.23	11.95**			
Managerial Effectiveness	.56	.07	.18	7.76**			
Pay/Benefits	.17	.02	.14	7.93**			
Competitiveness	.15	.02	.13	6.69**			
Development	-.09	.03	-.08	-3.21**			
Training/Resources	.07	.03	.04	2.48*			
Step 9					.63	.63	.00
Inclusion	.24	.03	.22	9.25**			
Leadership Trust	.44	.03	.38	15.75**			
Advancement	.25	.02	.23	11.53**			
Managerial Effectiveness	.57	.07	.19	7.92**			
Pay/Benefits	.14	.02	.12	6.09**			
Competitiveness	.15	.02	.13	6.44**			
Development	-.09	.03	-.08	-3.41**			
Training/Resources	.06	.03	.04	2.41*			
Recognition	.06	.03	.05	2.07*			

Note. *$p < .05$, **$p < .01$

Research Question 3 asked how succession planning impacts employee engagement. Hypothesis 1 states that succession planning status group membership will predict drivers of engagement. Essentially, there will be a significant difference between the three succession planning status levels on overall employee engagement such that Informed-High Status will be higher than Uninformed-High Status which will be higher than Uniformed-Low status. This hypothesis was tested using the analysis of variance technique (ANOVA). Because the sample sizes for each of the three groups were quite different: Informed-High Status had 72, Uninformed-High Status had 264, and Uninformed-Low status had 1,687, a random sample of 72 participants was taken from both the Uninformed-High Status group and the Uninformed-Low Status group to create a balanced sample. For the between subjects analysis of variance, the mean and standard deviation of each group can be found in Table 6. There was a significant effect of succession planning status on employee engagement, $F(2,213) = 8.44, p < .05$. Effect size was established through partial eta squared ($\eta^2 = .07$) and power was .96. A post hoc Bonferroni test indicated that the Uninformed-Low Status group had lower engagement than both the Uninformed-High Status group and the Informed-High Status group ($p < .05$). However, there was no significant difference in the engagement scores of the Uninformed-High Status group and the Informed-High Status group ($p > .05$). Hypothesis 1 stating that there will be significant differences between the three succession planning status levels on overall engagement such that the Informed-High Status will be higher than the Uninformed-High Status which will be higher than Uninformed-Low Status is thus partially supported.

Hypothesis 2, group membership based on the succession planning status prediction of engagement drivers, was tested through discriminant function analysis. There was support of one discriminant function ($\chi^2 = 151.50$, $p < .05$) which discriminated between employees on the

succession plan (High Status) and employees not on the succession plan (Low Status). The tolerance values were all above .10, so multicollinearity is not a problem in the discriminant analysis. Using the stepwise method of variable inclusion, 4 variables were statistically significant at differentiating between succession group membership: Recognition $F(2, 2020) = 21.83, p < .05$, Competitiveness, $F(6, 4036) = 22.47, p < .05$, Empowerment, $F(8, 4034) = 18.28, p < .05$, and Pay/Benefits, $F(10, 4032) = 15.42, p < .05$. It should be noted that when testing for homogeneity of variance across the status groups, Box's M = 44.93, $p = .05$. It is assumed that the variances of the groups would be similar and thus be able to average them. Because there is heterogeneous variance, the results should be interpreted with caution because there may not be equal dispersion across the groups. The cross-validated accuracy rate was 83.30% which was greater than the proportional by chance accuracy of 71.38%, thus the criteria for classification accuracy is satisfied. Because group membership did predict drivers of engagement, Hypothesis 2 was supported. When looking at how group membership predicted the four succession-related drivers (Advancement, Development, Training & Resources, and Recognition) to test Hypothesis 3, the only succession-related driver that was predicted based on group membership was Recognition. Therefore, Hypothesis 3 was partially supported.

Table 6

Descriptive statistics for Modified Groups used in ANOVA

	Mean of overall engagement	Standard Deviation
Informed-High Status	13.67	3.91
Uninformed-High Status	14.94	2.83
Uninformed-Low Status	12.00	5.12

CHAPTER 5

DISCUSSION

Implications of Results

The purpose of this research was to determine how succession planning impacted employee engagement. Research Questions and hypothesized relationships sought to establish an underlying factor structure for engagement. The impact of succession planning on engagement was also measured. Specifically, the communication to employees that they were on a succession plan was hypothesized to create higher engagement levels. While the differences in being on the succession plan and not being on the succession plan did in fact impact engagement, the communication aspect did not. This research was designed to contribute to both literature and practical application of how to view engagement and how to implement succession planning processes.

Factor Structure of Drivers

Through a review of the literature, it became evident that looking for an underlying factor structure to engagement could increase the understanding of this important concept. Though this research sought to determine an underlying factor structure for drivers of employee engagement, it is clear from the factor analysis testing Research Question 1 that a set of latent variables was not evident. Instead, the drivers of engagement clustered around one overall factor which is essentially the contextual variables that predict overall engagement as evident from the multiple regression. This piece of information is beneficial to construct building because now models can be established and tested through the one factor that can be labeled engagement drivers. Even though practical application of engagement has been implementing the concept of engagement

drivers, this research suggests that the concept of separate drivers may be unnecessary. As a caveat, it should be noted that the 5 SMEs likely had a shared value system or even an organizational culture which may have impacted the drivers that were selected for inclusion.

Prediction of Engagement

Based on the idea that an underlying factor structure of engagement drivers would be evident, Research Question 2 asked how engagement drivers or clusters of drivers related to overall engagement. The best subset of predictors was Inclusion, Leadership Trust, Advancement, Managerial Effectiveness, Pay/Benefits, Competitiveness, Development, Training/Resources, and Recognition. However, it is interesting to note that not much value was added by Development, Training/Resources, and Recognition being included as predictors of engagement. These 3 categories all are long-term investments by the organization in the employee while the other categories are more immediate to the employee. Engagement may have a time component in that there is a continuum of short and long-term engagement to the organization. As a caveat, the prediction of engagement through the drivers was impacted by the factor analysis only revealing one underlying factor, which accounts for a high percentage of variance.

Succession Planning and Engagement

It was thought that overall engagement would differ based on group membership in the succession planning process and that communication of the succession plan would effect engagement of the employee. The results of the ANOVA showed that while there was a significant difference in the engagement of low status employees to high status employees; there

was no difference between the high status levels based on communication of status. One possible explanation for this is that employees who are on the succession plan may have received preferential treatment and thus have higher engagement levels. When examining how succession planning impacts employee engagement, it is evident that group membership is related to certain drivers of engagement. The drivers, which are most strongly related to group membership, are Recognition, Competitiveness, Empowerment, and Pay/Benefits. Recognition is the only driver that was theoretically linked to succession in the literature review. This information along with the previous hypothesis supports the idea that it is not the communication of being on a succession plan that is impacting engagement, but it is the actual creation of and inclusion in the plan itself.

Group membership based on the succession planning status predicting drivers of engagement demonstrated that there is a difference in prediction of engagement drivers based on status. The differences were between employees on the succession plan and employees not on the succession plan. This is interesting because it minimizes the role of communication of the succession plan. When looking at the 4 succession–related drivers (i.e., Advancement, Development, Training/Resources, and Recognition), Recognition was the driver related to group membership. This is very interesting because in a developed succession plan process, one of the first components is the recognition and discussion regarding an employee's potential. Usually, the opportunities for advancement, development, and training come after the initial discussion. Perhaps this result was due to where the organization was in their deployment of the succession planning process.

Recommendations for Organizations

This research has the benefit of being conducted when an organization was in the process of communicating the succession planning status, thus creating the insight of how the succession plan communication is impacting employees. The results of hypothesis 1 demonstrated that communication of status was not as important to engagement as just being in the high status group. This is a vital piece of information for organizations because it helps resolve the question of whether or not to tell employees they are on a succession plan. As discussed in the literature review, succession planning is often a mysterious process. This research supports that telling employees they are on a succession plan is an acceptable practice although it may not be beneficial. When analyzing the theoretical cause behind higher engagement scores belonging to higher status employees, it is important to realize that this is a two-part issue. First, communicating succession plan status does not seem to impair other employees to whom succession planning status has not been communicated. Second, does it benefit the employees that are on the plan? This research suggests that the benefit in terms of increasing engagement comes from employees being on the succession plan in the first place, not from the communication. The divide between succession status and engagement is interesting because there should be concern for employees not on the succession plan (low status) who are experiencing lower levels of engagement.

Study Limitations

One of the limitations of this study is that the data came from only one organization. While meaningful conclusions can be drawn from the interpretation of results, there is little doubt that the organizational culture is impacting the results. Another limitation of this study is

the inability to measure engagement for the group of employees who may know that the succession plan exists and that they are not on it. Since this would occur through informal networks rather than from the organizational initiative of succession planning, it is difficult to know who falls within that group. This is one of the tradeoffs of having conducted the study in an organization as opposed to a laboratory setting. While a laboratory setting may improve the ability to control for the awareness of each group, it would be difficult to simulate an environment where participants legitimately were concerned about succession practices in a laboratory setting. Another limitation of this study is that the employees involved in the succession planning process were not informed of their selection at the same time in the development process. While this allowed for the creation of the Uninformed-High Status group and yielded some valuable information regarding how succession planning is impacting engagement, it also allowed time to effect how the individual perceives the succession planning message. Because the survey was the only measure of overall engagement and engagement drivers and the survey data was self-report, the possibility of common method variance exists, thus adding another limitation. A final limitation of this study is that because the study was conducted using an external consulting firm, participant demographics were unavailable for each case. Thus, it was impossible to view the demographics as possible moderators of engagement.

Future Research

This research concentrated on the situational perspective of engagement. As noted, the individual's attitudes and perspectives likely impact these situational aspects. Future research should look at what individual differences in personality lead to a more engaged employee. Personality may be a moderator of the relationship of situational drivers to overall engagement.

Personality variables such as self-esteem, locus of control, and self-efficacy are related to burnout and may also impact engagement (Maslach et al., 2001). As previously mentioned, organizational culture impacts engagement and thus future research should examine the drivers of engagement across organizations.

Future research should also look at how demographics impact engagement. With the aging workforce and demographic shifts, it could be very useful information for organizations to understand how the influx of employees who are younger view engagement in comparison to their counterparts who are approaching retirement. While this research furthers the understanding of the concept of engagement, that focus should continue. It would be beneficial to construct and test a model of engagement using the information established in this study.

Based on the results, there is speculation that the reason engagement levels differ is based on some factor that would place an employee in the succession planning High-Status group. Future research should take a systematic look at why employees are selected to be on a a succession plan. Possible indicators include not only dispositional aspects of the employee, but perceptions of the employee by managers and executives. An analysis of performance ratings in terms of succession status could help with discerning the cause of differential engagement ratings.

APPENDIX A

SURVEY INSTRUMENT

Advancement

1. I am satisfied with my opportunities for advancement.
2. I have a long-term career goal with (organization).
3. My job makes good use of my talents and abilities.

Communication

4. I receive timely information in order to my job effectively.
5. My manager is an effective listener.
6. My manager helps me know what is expected of me.
7. I am kept informed about important activities within (organization).
8. At (organization) there is open and honest two-way communication.

Competitiveness

9. I am encouraged to develop new ideas and better ways of serving customer (internal and external).
10. (Organization) consistently provides excellent customer service.
11. Work processes are efficient where I work.

Development

12. (Organization) provides me with the opportunity for learning and development.
13. My manager has made an investment in my growth and development.
14. My manager provides me timely and helpful feedback.

Empowerment

15. I am involved in decisions that affect my work.
16. I have the authority I need to do my job well.
17. My ideas and suggestions count.

Ethics/Integrity

18. (Organization) shows a commitment to ethical business decisions and conduct.
19. I can report unethical practices without fear of reprisal.

Inclusion

20. I feel that I am part of a team.
21. Employees here are treated fairly without regard to race, color, sex, age, national origin, religion or disability.
22. (Organization) is committed to providing equal opportunities for all employees.
23. Employees truly feel they are a part of (organization).
24. (Organization) has a climate in which diverse perspectives are valued.

Leadership Trust

25. I trust the executives (Vice Presidents and above) at (organization).
26. I trust my manager.

Manager Effectiveness

27. My manager is an effective leader.
28. My manager genuinely cares about my well-being.
29. My manager treats me with respect.

Pay/Benefits

30. The compensation plans at (organization) reward outstanding job performance.
31. I am paid fairly for the work I do.
32. I am satisfied with the benefits I receive at (organization).

Recognition

33. (Organization) values my contribution.

34. (Organization) recognizes productive people.

35. I regularly receive appropriate recognition when I do a good job.

Training/Resources

36. I have the training I need to do my job safely.

37. I have the training I need to do my job effectively.

38. I have the resources (e.g., materials, equipment, technology) I need to do my job effectively.

Employee Engagement

39. Overall, I am extremely satisfied with (organization) as a place to work.

40. I would recommend (organization) as a great place to work.

41. I rarely think about looking for a new job with another company.

42. I am proud to say I work for (organization).

APPENDIX B

LETTER TO EMPLOYEES ASKING THEM TO COMPLETE ENGAGEMENT SURVEY

2007 Employee Survey - A Focus on Driving Success

We want to hear from you!

(Organization)'s success depends on creating a work environment that results in committed and effective employees. So make your voice heard – by taking a few minutes to complete our 2007 Employee Engagement Survey online. You can influence the critical issues that shape our work environment, vision, culture and processes and help (Organization)focus on what's really important - achieving success together. Understanding what motivates employees and drives success is a key factor in achieving our goals...and that's just what the survey will help us do.

All salaried employees will receive an invitation to participate on February 28th. The survey will close on March 16th.

Survey results are confidential and will be reported only as grouped results. In order to ensure complete confidentiality, we have chosen (Survey Company),a renowned international third-party survey organization to administer the survey.

In order to meaningfully interpret the data collected and reduce the time it takes to fill out the survey, certain demographic information such as employee business unit, department, and years of service with the company was confidentially given to (Survey Company). Rest assured that your information will be handled with strict confidentiality. After the survey is complete, (organization) will be able to compare employee engagement by department and/or business unit, to better understand where improvements can be made. All the responses will be collected by (Survey Company), sorted by department/business unit, and then returned to (organization). No individual responses will ever be reported.

Thank you in advance for your support and participation - The survey results will focus the company as a whole on key areas that will ensure our continued success. Look for your invitation soon.

APPENDIX C

SCRIPT FOR DISCUSSING SUCCESSION PLAN PROCESS WITH HIGH-STATUS/HIGH-AWARENESS PARTICIPANTS

Process overview

- The goal of this process is to deepen talent pool based on future business needs.
- Please treat the process with complete confidentiality
- Involvement in this process does not guarantee a position. It simply means at this point in time, we are making an investment in you and would like you to make an investment in developing yourself.
- This process is reviewed yearly meaning you may be a part of the succession plan one year and may not be a part of it the next year.
- My goal in this process is to help you get ready for the next positions.

Background questions about leadership:
-What leadership style have you seen be effective?
-What leadership style have you applied at (organization)?
-What challenges have you found?
-What has contributed to your success thus far?

Personality assessments
People fail in their current positions because of poor fit with the job and the organizations. Leaders fail because of they can't get results through people. Leader need to be able to adapt to new positions, think strategically, and have good working relationships.

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