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SOCIETY FOR HUMAN  
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# Workplace Visions<sup>®</sup>

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## Employee Job Satisfaction: The external forces influencing employee attitudes

According to the *SHRM 2011 Employee Job Satisfaction Survey Report* to be released this month, employee job satisfaction in the U.S. reached its peak in 2009—possibly because employees were especially grateful for their jobs at the height of the recession—but since then has been dropping slightly each year. A much-discussed March 2011 report from MetLife found that more than one out of three surveyed employees hoped to be working elsewhere within the next 12 months.<sup>1</sup>

Though any “gratitude effect”—that feeling of relief at merely having a job, any job, during the worst recession in modern memory—was understandable, a slight decline in employee job satisfaction after years of economic stagnation is probably also to be expected. Over the past four years, many employees have weathered layoffs, ever-rising expectations of productivity and the need to do more with less, along with little to no wage growth even as other

living costs are rising. A lack of progress in career movement has also frustrated employees—younger employees in particular—and it may be among the reasons older workers tend to report the highest levels of job satisfaction.

To a large extent, the overall trend toward a decline in satisfaction across industries is likely due to forces that individual employers may have difficulty controlling. But this does not mean that organizations cannot positively influence their employees’ job satisfaction. Organizational leaders, not least HR professionals, have a huge influence on employee job satisfaction. Keeping a close eye on the trends that have the biggest influence on the factors employees say are critical to their job satisfaction is essential for business leaders and HR professionals. Likewise, looking for ways to proactively respond to these outside forces is increasingly necessary to maintaining employees’ satisfaction with life on the job.

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## The top employee job satisfaction factors

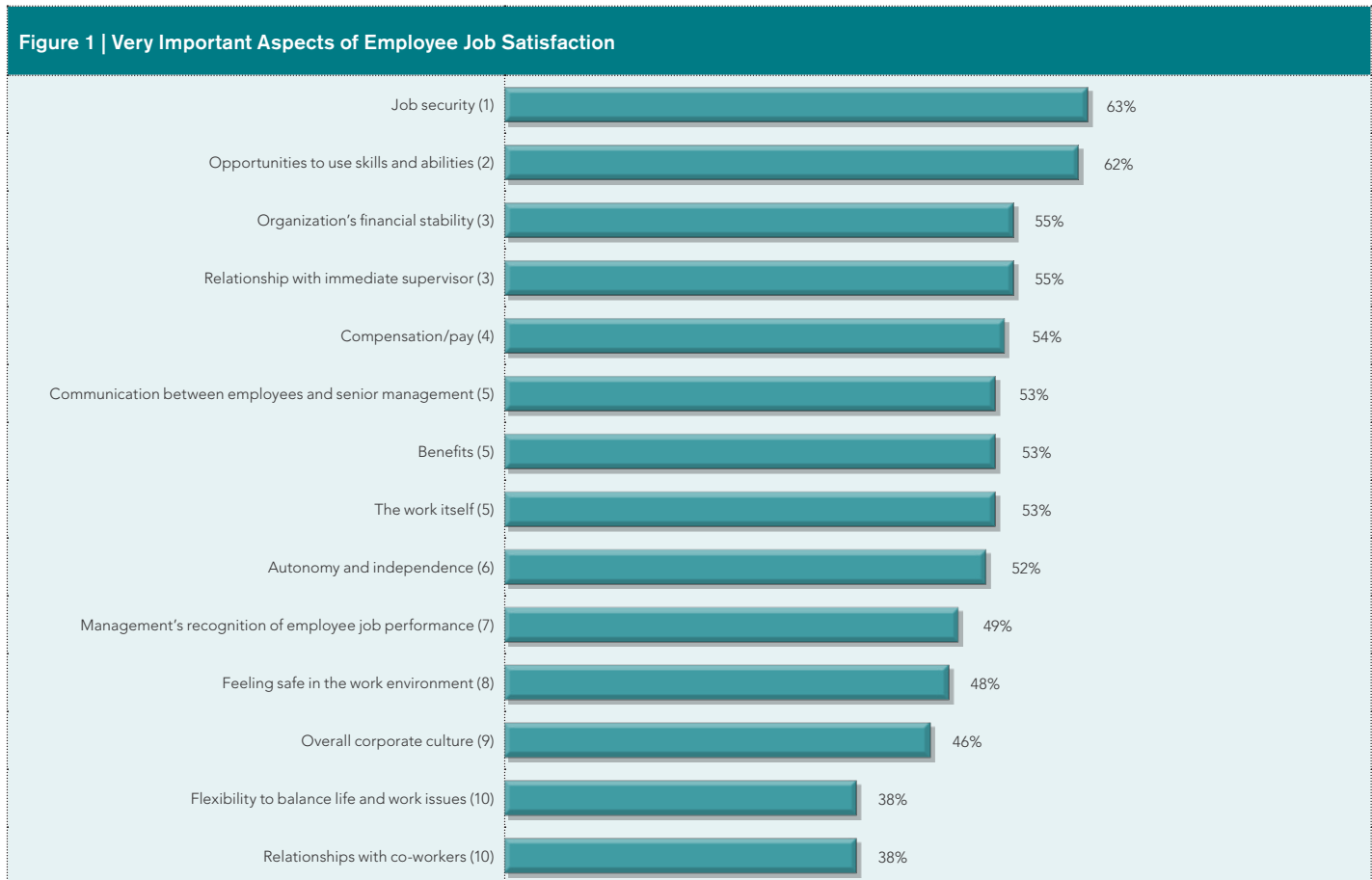
What do employees today value most? Since the dawn of the recession and even after the recession officially ended, one thing has consistently topped the list: job security.<sup>2</sup> For obvious reasons, the main thing employees want right now from their employer is the stability of a secure job and regular paycheck. Figure 1 shows the list of top 10 satisfaction factors for 2011, with the percentages of employees who rated the factor as “very important” for their overall job satisfaction.

## External forces influencing job satisfaction

It is not difficult to trace many of the top employee job satisfaction factors back to broader forces and trends, especially in the economy. Employees no doubt value job security—the number one factor—because of the continuing weakness of the labor market. The *opportunity to use their skills and abilities* (the second

most important aspect) can also be viewed as a form of job security because it enables employees to both show their value to the organization and to develop the skills and competencies that make them more employable should they need to seek work elsewhere. Likewise, their *organization’s financial stability* and their *relationship with their immediate supervisor* (tying as the third most important aspect) both largely determine how likely employees will be able to hang on to their jobs. In an economy where long-term unemployment is now widespread, employees’ choices for top job satisfaction factors make a lot of sense. They reflect the desire, above all else, to avoid unemployment.

Along with high unemployment, another broad economic trend that may influence job satisfaction is overall wage growth. Economists have long debated the possible reasons the earnings of middle-income Americans have hardly moved since the mid 1970s. Now, new Census Bureau data released in October 2011 shows that from 2000 to 2010, middle-income Americans’ earnings actually fell. Over this 10-year period, income for middle-income Americans dropped by 7%.<sup>3</sup>



(n = 600)

Note: Figure represents those who answered “very important.” Percentages are based on a scale where 1 = “very unimportant” and 4 = “very important.”

Source: 2011 Employee Job Satisfaction and Engagement: A Research Report by SHRM

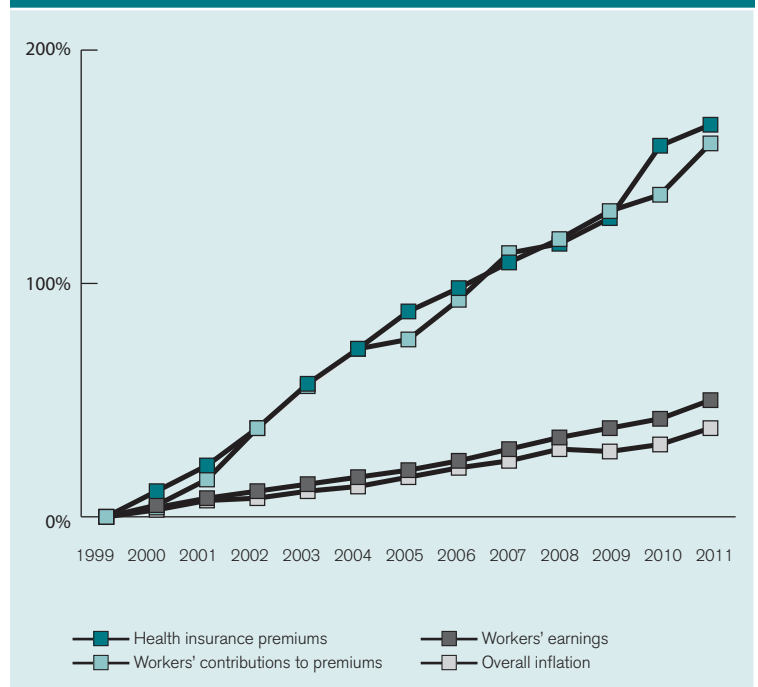
HR professionals have a unique perspective on this trend because they experience first-hand the various pressures within the total compensation package that influence wage growth. The biggest culprit is, of course, the rising cost of health care benefits. In the last 10 years alone, workers have had to contribute more and more to health care premiums, as shown in Figure 2. It would make sense that as health care benefits costs rise, they would put pressure on wage growth; fewer dollars are left over for wage increases when health care costs eat up more of the overall compensation pie. However, some economists argue against jumping to this conclusion and note that wages have stagnated most within the job groups where health care benefits are generally not offered. One possibility is that within some job categories, health care costs are indeed putting pressure on wages, whereas other forces such as globalization and automation are more at play within lower-paying job groups.

Employees may also feel more under strain because of a rise in other living costs. The latest Consumer Price Index for September 2011 showed that retail inflation climbed 3.9% from the year before. The main causes were higher food and energy prices, with food 4.7% more expensive than a year earlier and energy prices jumping 19.3%.<sup>4</sup> Education costs have skyrocketed over the past decade. Between 1999 and the first quarter of 2011, student loan debt grew by a whopping 511%: \$90 billion in student loans were outstanding in 1999, but as of the second quarter of 2011, that balance had grown to \$550 billion.<sup>5</sup>

Currently, employees rate *compensation/pay* and *benefits* as the fourth and fifth most important aspects of job satisfaction (compensation/pay ties with communication between employees and senior management). These trends in wages and living costs almost guarantee that both compensation/pay and benefits will remain critical factors in determining employee job satisfaction in the years ahead and could weigh on employee job satisfaction if they continue.

Along with the economy, broader social and demographic forces could also influence overall employee job satisfaction. The large Millennial generation is just beginning to enter the U.S. workforce in greater numbers. As a generation, it is much larger than the generation it follows, Generation X, and is even bigger than the Baby Boom generation. One theory is that a growing proportion of younger workers in the workforce could influence overall job satisfaction. A closer look at the findings reveals that the Millennials are actually trending somewhat higher than Generation X in job

**Figure 2 | Cumulative Increases in Health Insurance Premiums, Workers' Contributions to Premiums, Inflation and Workers' Earnings (1999-2011)**



Source: Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 1999-2011; Bureau of Labor Statistics, Consumer Price Index, U.S. City Average of Annual Inflation (April to April), 1999-2011; Bureau of Labor Statistics, Seasonally Adjusted Data from the Current Employment Statistics Survey, 1999-2011 (April to April).

satisfaction, and some recent surveys, such as the What's Working survey from Mercer,<sup>6</sup> show the youngest cohorts of workers among the most satisfied. In past years, younger workers were the least satisfied. The new data on the Millennials may indicate that this could change in the coming years. Only tracking the results over time will confirm if this is, indeed, the case, or if the Millennials' job satisfaction will eventually decline as more join the workforce. After all, unlike many of their peers, the Millennials that were surveyed had the good fortune of having secured a job and may consider themselves very lucky compared with many others of their generation who are still struggling to gain a foothold in the job market.

An example of a social trend that might influence job satisfaction in the years ahead is an erosion of trust in leadership and institutions. As noted above, *communication between employees and senior management* was rated by employees as the fourth most important aspect of job satisfaction. Trust and transparency obviously play an important role in this factor. However, according to the Edelman Trust Barometer, U.S. results in the question of "trusting businesses to do what is right" dropped precipitously in 2011, and the barometer now shows the U.S. only five points above Russia in the findings. U.S. respondents' trust in government and media also declined, and the U.S. is among the lowest-

scoring countries on each of these additional measures.<sup>7</sup> Other studies of trust, such as the World Economic Forum's bi-annual survey on trust in governments, corporations and global institutions, also show declines.<sup>8</sup> If a decline in trust in institutions and institutional leaders does spill over to affect employee job satisfaction, it may be most likely to do so among larger employers, where there are fewer opportunities for business leaders to personally interact with employees.

## HR's contribution

Many external forces that could have a considerable influence on overall employee job satisfaction seem to be at an inflection point—the global economy, the passing of the baton between generations, a rise in global social and political movements or even, in some cases, unrest and confrontation, and the unsustainable cost growth in areas such as health care and higher education. It is both daunting and impossible to try to respond to all of these issues from an employee relations standpoint, especially when change is so rapid. Nevertheless, HR professionals are finding ways to make a difference in their organizations and to keep employee satisfaction levels high.

These efforts focus on HR responding proactively in ways that actually are within the control of the organization, even if the causes of change originate in global trends and forces that are out of their hands. Some examples include HR's efforts to keep health care costs down through the

establishment of wellness programs, investing in training and recruiting efforts that help ensure that managers at all levels are effective and ethical, communicating regularly and transparently with employees, especially about the financial stability of the organization, and finding ways for employees to use and develop their skills and abilities through challenging assignments, training and mentoring programs. These strategies are constantly evolving as new issues move to the fore. HR professionals are moving with them to find business solutions, add value and make their organizations a great place to work.

## Endnotes

- <sup>1</sup> Metlife. (2011). *9th annual study of employee benefits trends: A blueprint for the new benefits economy*. Retrieved on October 14, 2011, from [www.metlife.com](http://www.metlife.com).
- <sup>2</sup> Society for Human Resource Management. (2011). *2011 employee job satisfaction and engagement: A research report by SHRM*. Alexandria, VA: Society for Human Resource Management.
- <sup>3</sup> Censky, A. (2001, October 14). A rough 10 years for the middle class. CNN Money. Retrieved on October 19, 2011, from <http://money.cnn.com>.
- <sup>4</sup> U.S. Bureau of Labor Statistics. (2011, October 19). Consumer Price Index summary. Retrieved on October 19, 2011, from [www.bls.gov](http://www.bls.gov).
- <sup>5</sup> Indiviglio, D. (2011, August 18). Student loans have grown 511% since 1999. *The Atlantic*. Retrieved on October 19, 2011, from [www.theatlantic.com](http://www.theatlantic.com).
- <sup>6</sup> For more information on generational insights from the *What's Working* survey, go to <http://inside-employees-mind.mercer.com>.
- <sup>7</sup> Edelman (2011). *2011 Edelman trust barometer annual global opinion leaders study*. Summary of findings available at [www.edelman.com](http://www.edelman.com).
- <sup>8</sup> World Economic Forum & Globescan. (2003). *Declining public trust foremost a leadership problem*. Retrieved from [www.globescan.com](http://www.globescan.com).

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