



2016 Employee Job Satisfaction and Engagement

Revitalizing a Changing Workforce

Society for Human Resource Management
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68 pages

Rating

8 8 Applicability
7 7 Innovation
8 8 Style

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Take-Aways

- The 88% job satisfaction level in the US in 2015 was the highest since 2002.
- However, only 37% of the employees who responded to this Society for Human Resource Management assessment were “very satisfied” with their jobs.
- Nearly half of employees report that they’d readily move to other jobs if that would improve their job satisfaction.
- Focusing on employee satisfaction can help your organization retain its people.
- You can build retention by developing “total rewards” programs for your employees.
- Offer staff members opportunities to advance in their careers.
- Provide employees with training so they can improve their job skills.
- On a 1-5 scale of engagement, with five as “most engaged,” the majority of employees engage at a moderate 3.8 level. SHRM says this level definitely could improve.
- Most employees – 67% – say that being treated with respect is the most important job satisfaction factor.
- Recruitment and retention require competitive pay and a supportive workplace culture.

Relevance

What You Will Learn

In this summary, you will learn: 1) What the Society for Human Resource Management (SHRM) reports in its 2016 Employee Job Satisfaction and Engagement survey, 2) What job satisfaction and engagement factors employees consider most important, and 3) What HR professionals and other managers need to understand about their workforce and about millennials in particular.

Recommendation

Published in 2016 by the Society for Human Resource Management (SHRM), this survey reports on a demographically representative sample of 600 full- and part-time employees of American organizations. SHRM is the world's largest HR professional society, representing 285,000 members in more than 165 countries. This survey focuses on employees' feelings about their work and gauges how groups of employees compare in job satisfaction, workplace relationships and other metrics. The report's insights into employee preferences offer relevant information for developing performance-improvement initiatives and improving recruitment and retention. *getAbstract* recommends SHRM's insights into employee preferences to HR professionals as well as to personnel new to HR who want to learn about current trends.

Summary

"It is evident that a larger portion of employees are satisfied only to a certain extent, which signals the possibility for improvement."

"Organizations must adjust to the changing business landscape, externally and internally."

An Annual Survey for HR Professionals

This Society for Human Resource Management (SHRM) survey focuses on 43 employee job satisfaction issues and 37 employee engagement issues. SHRM examines the same roster of issues annually. It breaks survey results down into "career development, benefits, work environment, engagement opinions, compensation, employee relationships with management, conditions for engagement" and "engagement behaviors." The data is intended to "provide insight on employee preferences and highlight key areas for organizations to consider as they develop and enhance initiatives for organizational improvement." The survey's goals include:

- Analyze the most relevant factors that contribute to employee job satisfaction.
- Analyze the satisfaction levels of those who help make worker satisfaction possible.
- Rate demographically – including employee "gender, age and job level" – the variables that contribute to employee job satisfaction.
- Utilize an "engagement index" to compute employee engagement.
- Conduct further demographic analyses on "gender, age and job level."

Job Satisfaction

The 88% job satisfaction level for 2015 is the highest in the previous 10 years. Indeed, it's the highest since 2002, when SHRM first began to research employee job satisfaction. The results over that span are: 77% in 2005, 80% in 2006, 79% in 2007, 82% in 2008, 86% in 2009, 84% in 2010, 83% in 2011, 81% in 2012 and 2013, and 86% in 2014. But only 37% of the 88% of employees who were satisfied with their jobs in 2015 said they were "very satisfied." This demonstrates that organizations can do more to increase employee satisfaction. Many organizations increased their workers' perquisites in order to boost job satisfaction. As the economy improves, employees feel more comfortable leaving their current jobs to take new ones they hope will be more satisfying. In this regard, 45% of

employees say they're ready, willing and able to move to new positions at other firms if they believe doing so will be better for them.

Some Job Satisfaction Factors (Hint: Money) Matter More Than Others

Employees rate certain factors as more important to their job satisfaction than others. Salary or compensation has ranked in the top five job satisfaction factors since 2002. To increase their attractiveness to employees and thus improve retention, organizations need to create "total rewards" programs with these employees in mind. Such programs should include attractive benefits. Employees want opportunities to demonstrate their talents and skills. This takes on extra importance when a company doesn't offer avenues for job mobility.

In this list of employment satisfaction factors, two sets of percentage figures follow each factor. The first figure represents the percentage of employees who consider the factor to be very important to their job satisfaction. The second figure represents the percentage of employees who say they're very satisfied in this area.

- **Relationships** – "Respectful treatment of all employees," importance: 67%, very satisfied: 31%; "trust between employees and senior management," 55%, 27%; "relationship with immediate supervisor," 53%, 40%; "immediate supervisor's respect for your ideas," 49%, 37%; "communication between employees and senior management," 48%, 25%; "teamwork within department," 43%, 26%; "teamwork between departments," 39%, 21%; and "relationships with co-workers," 40%, 36%.
- **Remuneration** – For a time, salary increases stagnated. As the US economy improved, employees could focus again on compensation and benefits. These financial benefits shape employee satisfaction: Compensation/pay, importance: 63%, very satisfied: 23%; "benefits," 60%, 27%; and "organization's financial stability," 53%, 33%.
- **Recognition** – "Management's recognition of employee job performance," importance: 48%, very satisfied: 26%.
- **Opportunities and development** – As the "demographic composition" of the US workforce shifts, astute organizations provide opportunities for employees to advance. Companies should offer staff members formal and informal "learning experiences" that will help them deal with "new technologies and innovations." During the past eight years, the ratio of employees who state that "career advancement opportunities" are extremely important to their satisfaction has jumped by nearly 20%. Responses: "Job security," importance: 58%, very satisfied: 32%; "opportunities to use your skills," 55%, 37%; whether "the work itself" is "interesting, challenging, exciting," 48%, 34%; "career advancement opportunities within the organization," 47%, 24%; "job-specific training," 42%, 25%; company's "commitment to professional development," 40%, 25%; "networking opportunities," 31%, 23%; "career development opportunities," 39%, 21%; and "paid general training," 35%, 26%.
- **Communication** – "Management's communication of organization's goals and strategies," importance: 45%, very satisfied: 24%; and "communication between departments/business units," 36%, 21%.
- **Values** – "Organization's commitment to corporate social responsibility," importance: 32%, very satisfied: 24%; "organization's commitment to a diverse...workforce," 30%, 25%; and "organization's commitment to a green workplace," 21%, 23%.
- **Security** – "Feeling safe in your work environment," importance: 50%, very satisfied: 48%.
- **The work itself** – "Meaningfulness of job," importance: 43%, very satisfied: 34%; "contribution your work makes to the business's goals," 39%, 30%; "variety of...work," 35%, 30%; and "autonomy and independence to make decisions," 46%, 32%.

"Forty-five percent of employees reported that they would be likely or very likely to look for other jobs outside their current organization within the next year."

"Improved economic conditions have increased demand for hiring, yet recruiting struggles are prevalent at many organizations."

"In a separate SHRM survey, more than one-half (55%) of HR professionals said they had trouble in particular with recruiting highly skilled employees."

"Employees have more flexibility to seek out employment opportunities that better fit their needs and wants rather than remain in a position for its job security."

“Given the rising health care costs and heightened awareness of financial and retirement preparedness, it is expected that benefits will likely play a much larger role in the near future.”

“Compensation/ pay, benefits and job security all shape the degree to which employees are satisfied; however...the extent of their importance fluctuates as a result of external factors such as changing economic conditions.”

“Management’s communication of the organization’s goals and strategies has a significant impact on the organizational culture in general.”

“Maintaining ‘business as usual’ is anything but usual and is getting increasingly more difficult.”

Employee Engagement

Employee engagement concerns workplace conditions, “workers’ opinions and behaviors,” and how workers “view others around them relating to their work.” SHRM asked employees for evaluations on a one-to-five scale, with five as “most engaged.” The average engagement rating for employees was 3.8 – moderately engaged. This compares to a 3.7 rating for 2014 and 3.6 for 2013. Engagement of “employees in lower job levels” seems to be weaker.

Engagement Conditions

The top three conditions for employee engagement are: positive “relationships with co-workers,” 77%; “opportunities to use skills and abilities,” 77%; and “meaningfulness of their job,” 76%.

In addition to these conditions, employees also considered the following important: “the work itself,” 74%; “relationship with immediate supervisor,” 74%; “organization’s financial stability,” 72%; “contribution of work to organization’s business goals,” 72%; “autonomy and independence,” 71%; “variety of work,” 69%; “overall corporate culture,” 69%; “communication between employees and senior management,” 64%; “organization’s commitment to corporate social responsibility,” 63%; “management’s recognition of employee job performance,” 63%; “job-specific training,” 61%; “organization’s commitment to professional development,” 59%; “networking opportunities,” 58%; “career development opportunities,” 58%; and “career advancement opportunities,” 57%.

Employees say that engagement means “feelings of deep concentration, eagerness and passion.” The top three opinions that engaged employees express are: “I am confident I can meet my work goals,” 89%; “I am determined to accomplish my work goals,” 86%; and “I have a clear understanding of my organization’s vision/mission,” 77%.

Employees who identified themselves as engaged gave top scores to three behavior patterns: “In my organization, employees are encouraged to take action when they see a problem or opportunity,” 70%; “my colleagues quickly adapt to challenging or crisis situations,” 65%; and “the people in my work group never give up despite difficulties,” 64%.

Organizational leaders also should note:

- Regarding “autonomy and independence,” executives cited greater satisfaction than did employees at “lower job levels.”
- Executives and middle managers had greater passion and excitement than non-management employees.
- Organizations can engage workers by providing additional feedback, recognizing their good work more often, giving them maximum autonomy and communicating to them about how the work they do helps the organization achieve its goals.
- Organizations that promote a “management versus nonmanagement mentality” are likely to foster rigid hierarchies that elicit “cynicism, distrust and negative attitudes” and that result in excessive turnover and poor morale.

SHRM’s Findings for Organizations

Culture dominates within organizations, but compensation matters more to employees. Wage stagnation, a major factor for years, seems to be somewhat receding, though improvement in compensation remains spotty. A greater percentage of employees considered compensation important in 2015 than in 2014.

Employees consistently report caring deeply about respectful treatment. HR professionals must balance “recruitment and retention strategies” with attractive compensation policies and should promote a respectful culture that values all employees.

“Millennials placed more importance on job-specific training, career development opportunities and career advancement opportunities contributing to their job satisfaction compared with older generations.”

“Millennials’ confidence and idealistic and ambitious outlook are frequently mistaken for arrogance and egotism.”

“Millennials may be achieving milestones more quickly than their generational counterparts and, therefore, less willing to stay put for extensive periods of time without promotion.”

Increasing Employment

In 2014 and 2015, American organizations created some 5.8 million jobs. The US Bureau of Labor Statistics reported at the time that this had been the best two-year period for job growth since 1998-1999. The number of people “without jobs for 26 weeks or longer” decreased. American organizations could do more hiring, but 55% of HR professionals report increasing difficulty recruiting applicants with superior work skills.

Some employees may feel disengaged from their jobs because they fear losing them. SHRM’s research indicates that 48% of workers worry about job security. Further, 45% reported that they might apply for jobs in other organizations “within the next 12 months.” Many HR professionals regard employee engagement as their “most pressing human capital challenge.”

Generational Unity and Divides

Different generations may share priorities, though baby boomers, millennials and generation Xers see work issues differently. A one-size-fits-all approach seldom engages workers of all ages. Factors that create job satisfaction within one age cohort may not appeal to a different cohort, but all workers report wanting open “communication, respect for others and collaboration.”

Overall, 88% of employees say they’re satisfied at work. Specifically, 86% of millennials (born between 1980 and 2000), 88% of gen Xers and 90% of baby boomers expressed job satisfaction. Some 88% of millennials prioritize “career development opportunities,” compared to 76% of baby boomers.

Many organizations create special programs for younger workers and many people regard millennials as disloyal, “entitled, lazy and self-centered,” but the survey found “no statistically significant differences” in job engagement when comparing different age groups. However, “life stages, career stages or job levels” may provoke some issues, such as “workplace tension.”

Millennials, who want to make significant contributions at work, will look outside of their organizations to find better opportunities. They may resent work assignments that don’t enable them to build expertise and advance their careers.

Astute organizations should give them opportunities that enable them to grow professionally. Companies should let tech-savvy millennials “reverse-mentor” older employees. Organizations should also de-emphasize “formal performance” reviews in preference to “continuous feedback.”

About the Author

Christina Lee is a researcher at SHRM Research. SHRM employees **Alexander Alonso, Evren Esen, Joseph Coombs, Tanya Mulvey, Justina Victor, Karen Wessels** and **Halona Ng** assisted with this report. SHRM’s results enjoy a 95% confidence rating with an approximate 2% margin of error.