

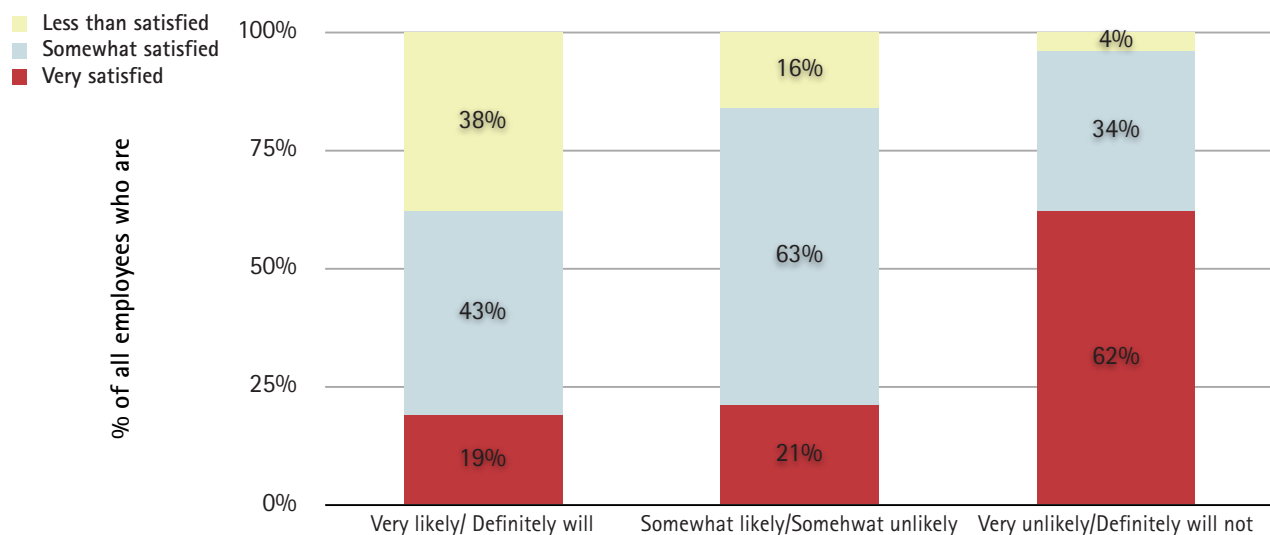
# Trends & Issues

## Job satisfaction and employee retention: What's the connection?

Findings from the HR Council's 2008 survey of nonprofit sector employees suggest some connections between job satisfaction and employee retention. These findings shed light on retention challenges and strategies and offer some clues about when retention might be a challenge and what it could take to make sure more employees are more satisfied with their jobs.

Overall job satisfaction is reflected in three indicators of employee retention: whether employees expect to resign from their jobs in the coming year; whether or not they are currently looking for a new job; and their commitment to the organization they work for. Nearly 40% of employees who expect to resign from their jobs within 12 months are *less than satisfied* with their jobs (see Figure 1). This *expect to resign* group combines employees who say they *definitely will* resign and employees who say it's *very likely* they will. In contrast, only 4% of employees who say they are *very unlikely* to, or *definitely will not* resign also say they are *less than satisfied* with their jobs overall.

Figure 1



Likelihood of resigning in the next 12 months

A methodological note:

We asked this question in the 2008 survey of employees:

Thinking about all aspects of your job, how satisfied are you overall with your current job?

Here is how employees answered:

|       |                                    |
|-------|------------------------------------|
| 45.1% | Very satisfied                     |
| 43.2  | Somewhat satisfied                 |
| 5.1   | Neither satisfied nor dissatisfied |
| 4.8   | Somewhat dissatisfied              |
| 1.7   | Not at all satisfied               |

\*Less than satisfied combines the last three into one group

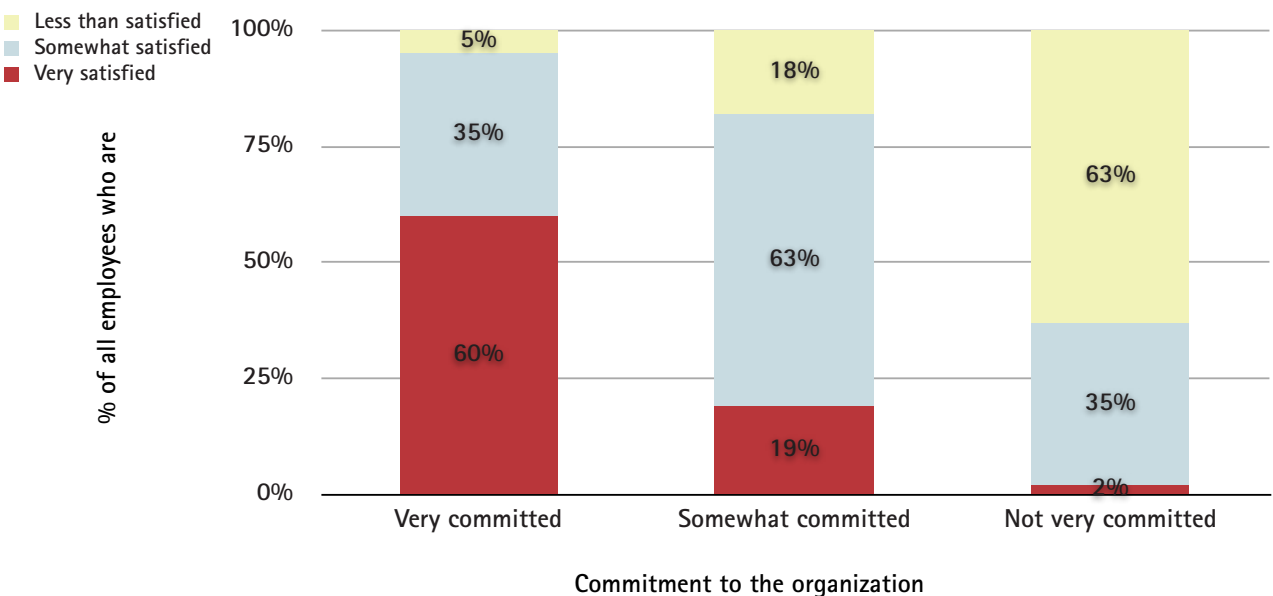
More than 30% of employees who are currently looking for a new job are *less than satisfied* with their current job while this is true of only 6% employees who are not looking for a new job (see Figure 2).

Looking from the flip side: More than half of employees who are not looking for a new job, or are, but in their current organization, are *very satisfied* with their jobs overall. This is true of only 14% of employees who are looking for a new job outside of their organization.

Figure 2



Figure 3



More than 60% of employees who said they are *not very committed* to their organization are *less than satisfied* with their jobs. This is true of very few employees (less than 1%) who say they are *very committed* (see Figure 3). Of course, there is a “chicken – egg” issue in the connection between commitment and job satisfaction. The absence of commitment could be the root of dissatisfaction, while dissatisfaction can also undermine commitment. While we can see commitment as an indicator of retention, we need to keep in mind that it is potentially an indicator of much more.

Variations in overall job satisfaction suggest some factors which may be at play when employees are *less than satisfied* with their jobs. Paying attention to these findings could serve as a kind of early warning system for retention challenges.

## Employees’ ratings of their overall job satisfaction vary by:

### Gender and age

- More women report being either *somewhat satisfied* or *less than satisfied*
- Younger employees are less likely to be *very satisfied* and more likely to be *less than satisfied*

### Pay

- Proportionately, more of the *very satisfied* are also higher paid

### Benefit Coverage

- Comparisons of employees with and without coverage for a range of benefits (drug plan, dental care, vision care, other medical coverage, life and/or disability insurance, pension/RRSP) consistently show statistically significant differences in the proportions of *very satisfied*, *somewhat satisfied* and *less than satisfied* employees. These findings apply for both women and men and across different age groups

### How long they have worked in the sector

- The proportion of very satisfied employees is highest among those who have worked in the sector ten years or more.
- The proportion of less than satisfied employees is highest among those who have worked in the sector less than a year.

### Where they work and what they do

- The religion sub-sector has the highest proportion of *very satisfied* employees. Otherwise we see no clear differences in satisfaction across different areas of activity in the sector
- Fewer senior managers are *less than satisfied*
- Unionized employees and clerical, administrative and support staff are slightly more likely to be *less than satisfied*
- No statistically significant pattern emerges with respect to overall satisfaction and organization size

The findings covered above are about the overall satisfaction of employees with their jobs. More insights come from differences in employee satisfaction with particular aspects of their jobs.

There are *statistically significant* differences across the board in aspect-specific satisfaction between employees who are *very satisfied* with their jobs overall, those who are *somewhat satisfied* and those who are *less than satisfied*.

*Statistically significant* means that differences observed are unlikely to be due to chance. That is, they would likely be observed again in another survey.

\*The following scores are averages on a 5-point scale where 1 is *not at all satisfied* and 5 is *very satisfied*.

**TABLE 1**

| SPECIFIC ASPECTS OF JOB SATISFACTION                    | Recognition for your work |                    |                     |
|---|---------------------------|--------------------|---------------------|
|   | Very satisfied            | Somewhat satisfied | Less than satisfied |
| Amount of influence you have on decision making         | 4.5                       | 3.6                | 2.5                 |
| Opportunities for career advancement                    | 4.3                       | 3.6                | 2.5                 |
| Evaluation and feedback                                 | 3.8                       | 3                  | 2.1                 |
| Working conditions                                      | 4.2                       | 3.4                | 2.5                 |
| Opportunities for career development and training       | 4.6                       | 3.9                | 3                   |
| Amount of responsibility you have                       | 4.1                       | 3.4                | 2.6                 |
| Relationship with supervisor/ manager                   | 4.6                       | 4                  | 3.1                 |
| Compensation for overtime                               | 4.6                       | 4                  | 3.1                 |
| Pay   | 3.7                       | 3                  | 2.4                 |
| Job security  | 4                         | 3.2                | 2.8                 |
| Non-discriminatory work environment                     | 4.3                       | 3.7                | 3.1                 |
| Employment status (full-time/part-time/temporary/ etc.) | 4.7                       | 4.3                | 3.5                 |
| Benefits plan   | 4.7                       | 4.3                | 3.6                 |
| Relationship with co-workers                            | 4.7                       | 4.3                | 3.6                 |
| Retirement savings options                              | 3.9                       | 3.4                | 2.8                 |
| Workplace safety  | 4.7                       | 4.3                | 3.6                 |
|   | 3.7                       | 3                  | 2.7                 |
|   | 4.5                       | 4.1                | 3.5                 |

The greatest differences between employees who are *very satisfied* and *less than satisfied* show up in satisfaction ratings of these particular aspects:

- Recognition for work
- Amount of influence on decision making
- Evaluation and feedback
- Opportunities for career advancement

## In conclusion

In these findings, we see reflections of job satisfaction in indicators of employee retention: whether employees expect to resign from their jobs in the coming year; whether or not they are currently looking for a new job; and their commitment to the organization they work for. If young employees are particularly important in your organization, the finding that proportionately more of them are *less than satisfied* with their jobs may strike a chord. If most of your employees are women, seeing that they are less likely to be *very satisfied* with their jobs could be striking.

The characteristics and circumstances of employees who are more likely to be *less than satisfied* can serve as a kind of early warning system for retention challenges that could be emerging in your organization, or that could be on the horizon.