

# THE EMPLOYEE WELL BEING STUDY

Fourth Quarter 2014



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with Yoh Recruitment Process Outsourcing

# Background

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Beginning with the Third Quarter of 2014, *HRO Today* Magazine together with Yoh Recruitment Process Outsourcing launched a new index to measure employment security.

There are multiple indices that look at attitudes about the economy, such as the Consumer Confidence Index, Gallup's Economic Confidence Index, BLS Job Openings and Labor Turnover Survey (JOLTS) or United States Consumer Sentiment. But these measures focus more on macro metrics, with much less emphasis on attitudinal measures of those employed. The focus of the Employee Well Being Study is measuring perceived employment security. According the BEA, more than 70% of what the U.S. produces is for personal consumption. Since the perception of job security greatly impacts purchasing behavior, there is a need to focus on the perceptions around individual's job outlook.

# Methodology

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Each month, *HRO Today* magazine employs ORC International's CARAVAN® Omnibus Surveys. Approximately 333 Interviews are conducted online on a monthly basis among those aged 18+ working full-time in the U.S. Quarterly reports are issued based on 1,000 responses per quarter.

Respondents are asked a series of four questions. Each question uses a Likert-type scale where respondents rate each question on a 1-5 scale, with one being "Very poor" and 5 being "Very favorable." The four questions asked are: Involuntary Job Loss Possibility, Likelihood of Promotion, Anticipation of a Raise of at least 3% and Trust in Company Leadership.

# Overall Findings

**The Employee Well Being Index showed a modest increase between the third and fourth quarters of 2014, moving from 99.2 to 100.8.** This suggests slightly increased optimism about employee's faith in their employment situation. However, there was a decline in job security that offset optimism about promotions, raises and trust in company leadership, the other components of an employees' comfort level with his employment.

**Males in particular felt less confident in their job security, while minorities, the young and lowest income trail in perceptions of employment well-being during the economic recovery.**

The Bureau of Labor Statistics (BLS) supports job security the study findings. Women outgained men in job growth percentage by a ratio of nearly 2:1 in the fourth quarter vs. the third quarter. Those most impacted by seasonal hiring in the fourth quarter, such as younger workers, those over 55, Blacks and Hispanics and lower education had the highest percentage gains in employment. But their views of job security were lower because of the nature of seasonal hiring.

Among those feeling secure, there was an upswing in the belief in a promotion from the current employer in the next 12 months. Interesting, males and Hispanics showed the most optimism, the same two groups most concerned about job loss. The likelihood of a promotion declines nearly linearly as age increases. This is likely because as an employee ages and advances in their career, there are fewer opportunities for promotion.

Just over one-quarter (27.6%) of respondents feel they'll get a raise of at least 3% after their next review. But similarly to the anticipation of getting a promotion, as age increases the perception of the likelihood of a raise inversely declines. But unlike the perception of promotion potential which showed no significant patterns by income category, there is a direct correlation between the beliefs in getting a raise with increasing income. Households with the highest incomes are most inclined to think they'll be making more, and generally they have the most disposable income. This is a sweet spot for marketers of higher end items.

BLS statistics also support findings about income. In the fourth quarter, those with a Bachelor or Degree or higher had a greater increase in median weekly income than those with less education. Blacks and Hispanics reported income changes of -2.7% and 0.3%, respectively.

There's a clear correlation showing that as age increases trust in a company's leadership declines. Perhaps this is a reflection of the kind of cynicism that only age can truly nurture. Perhaps not surprisingly, those making the most trust leadership the most, likely because they are part of their company's leadership or at least in a position to influence company leaders the most or at least get insight in their perspective and decision processes. Hispanics are significantly more trusting in company leadership than any other race.

### Comparison with other indices

One of the more widely referenced indices designed to gauge US consumer sentiment about the economy is the Consumer Confidence Index. The fourth quarter showed an increase in confidence of 3.6, to 92.6 from 89.0 in the third quarter. This suggests that consumer confidence is rising faster than employee confidence, which only rose 1.7 points. Seasonal variations could account for some of the difference. More data points in future quarters will shed greater insight into the discrepancy going forward. The unemployment rate also continued to decline in the fourth quarter, down 0.3.

### Going forward

One capability not present in other indices is predictive ability. All measures focus on what happened in the recent past. Once enough data is gathered, the EWBI will combine findings with other published government data in order to estimate key near term macro-economic measures.

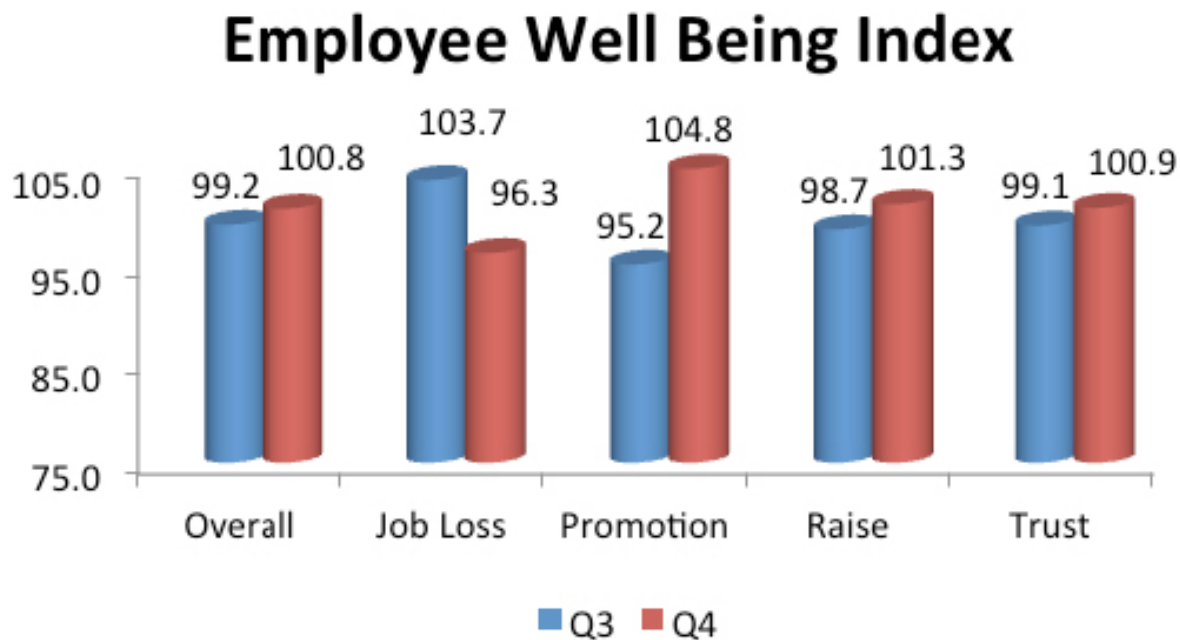
## The Employee Well Being Study

# Employee Well Being Index

The Employee Well Being Index showed a modest increase between the third and fourth quarters of 2014, moving from 99.2.5 to 100.8. This suggests that increased optimism about employee's faith in their employment situation.

There are four components that comprise the over index: involuntary job loss possibility, likelihood of promotion, anticipation of a raise of at least 3% and trust in company leadership.

The table below shows that three of the four metrics examined, Promotion, Raise and Trust, all increased. In fact, the index for promotion potential increased 9.6 points. But dragging down the overall index was a sharp decline in optimism about job security. Fewer employees felt they were unlikely to lose their jobs.



# What's driving the results?

## Job Loss

*Do you feel it likely that you will involuntarily lose your job or that your job will be eliminated in the next 12 months?*

During 4Q 2014, significantly more felt it likely they would lose their job in the next 12 months compared to 3Q 2014. More than one in ten (12.6%) indicated they're likely to lose a job, vs. 9.3% in the third quarter, a 3.3% percentage point increase. This means more people felt less positively about their employment security in the fourth quarter than in the third.

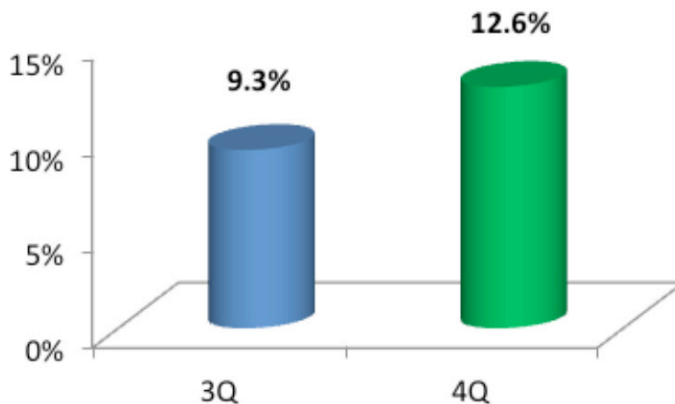
The percentage of males feeling it likely they'd lose their job increased to 15.1% in the fourth quarter, up 7.3 percentage points from 3Q. People aged 34 and below are the least secure. In general, as age increases, so does the perception of job security.

Employees with an annual household income of less than \$35K are the most likely to feel they'll lose their jobs in the next 12 month. In the fourth quarter, 17.8% of this group thought it likely, up from 11.1% in the third quarter.

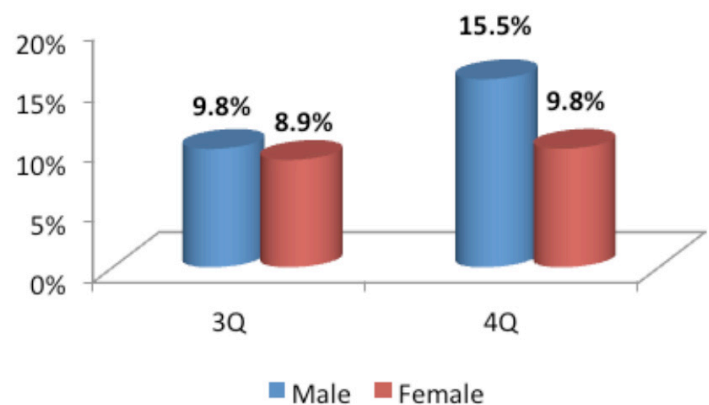
In terms of race, whites are the most confident they won't lose their jobs, with 8.8% stating it was likely they'd lose their job in the next 12 months, above the third quarter (6.5%). In contrast, Hispanics were the least job secure with nearly one-quarter (23.6%) stating job loss was likely, a significant increase of 8.6 percentage points from the prior quarter.

## Job Loss

**Likelihood to Lose Job**

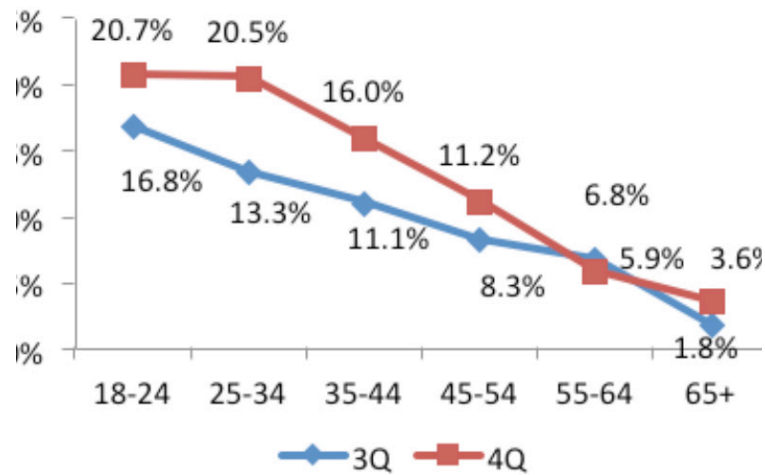


**Likelihood to Lose Job  
By Gender**

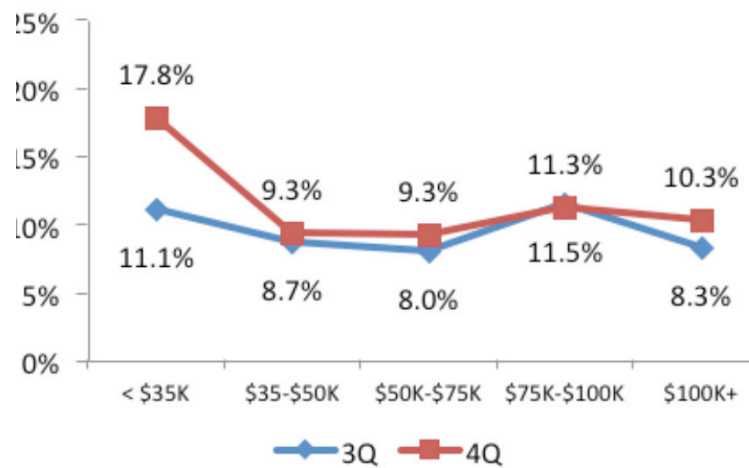


## The Employee Well Being Study

### Likelihood to Lose Job By Age

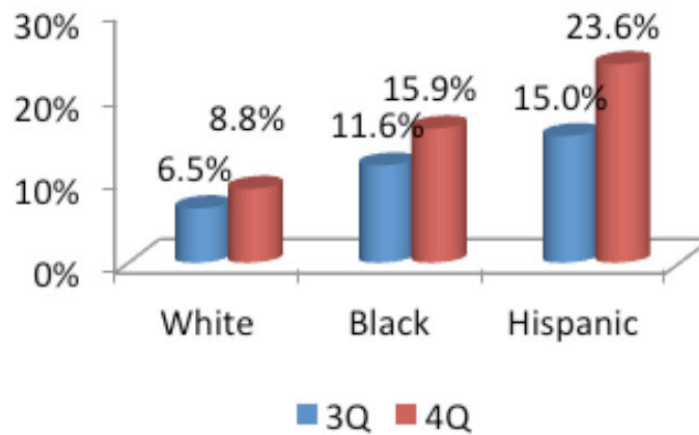


### Likelihood to Lose Job By Income

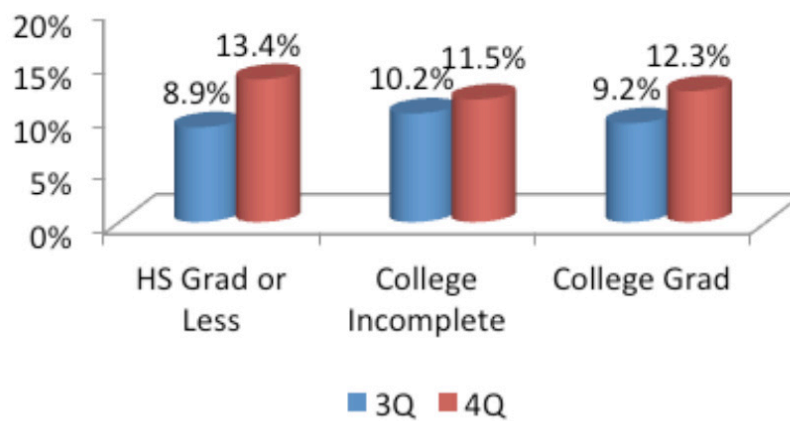


## The Employee Well Being Study

### Likelihood to Lose Job By Race



### Likelihood to Lose Job By Education





## The Employee Well Being Study

### Likelihood of a Promotion

*Do you feel you'll receive a promotion from your current employer over the next 12 months?*

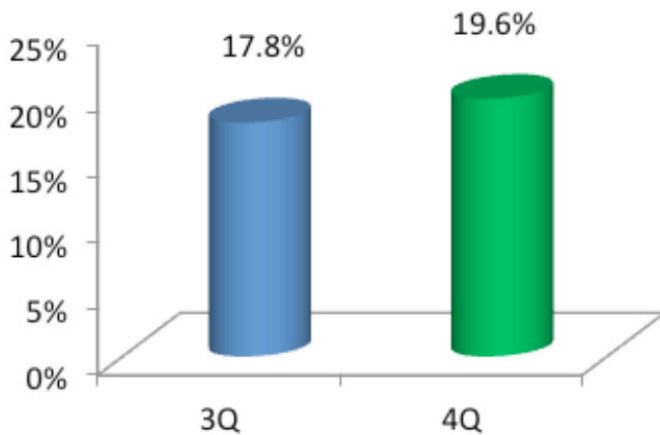
Despite the significant decline in job security from the third to the fourth quarter, there was an upswing in optimism about the likelihood of a promotion. More feel it likely they'll be promoted in the fourth quarter (19.6%) than in the third (17.8%).

Males are driving the optimism, with nearly one-quarter (24.9%) feeling it likely they'll receive a promotion, up from 20.7% in Q3. Younger employees (those under 34) are the most inclined to anticipate a promotion, with about 4 in 10 (40.8%) feeling a promotion is likely in the fourth quarter, up significantly over the prior quarter. After age 34, there is an inverse relationship between the likelihood of a promotion and age, meaning the older one gets, the less likely they are to feel a promotion will occur. This is likely do less opportunity for further promotion among the most experienced workers.

Hispanics are the group most optimistic about a promotion, with 36% stating it likely when asked in the fourth quarter. That's up from 29.9% in the third quarter, and nearly three times the rate of Whites.

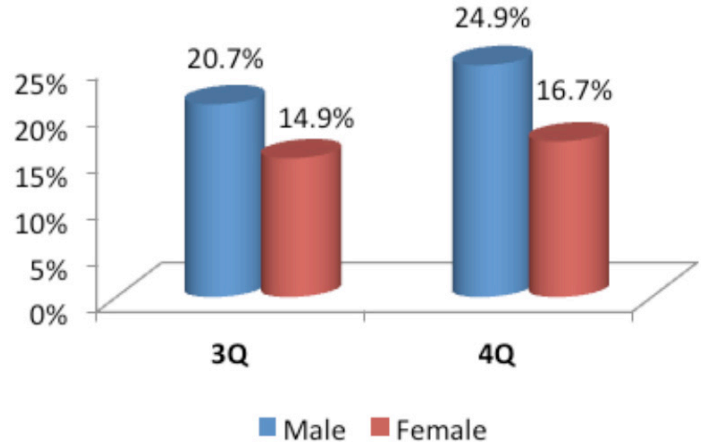
Interestingly, those with some college education but not yet completed their degree are the most optimistic about the prospects of a job promotion, with over one-quarter (25.2%), an increase of 7.9% in the fourth quarter.

### Likelihood of a Promotion



### Likelihood of Promotion

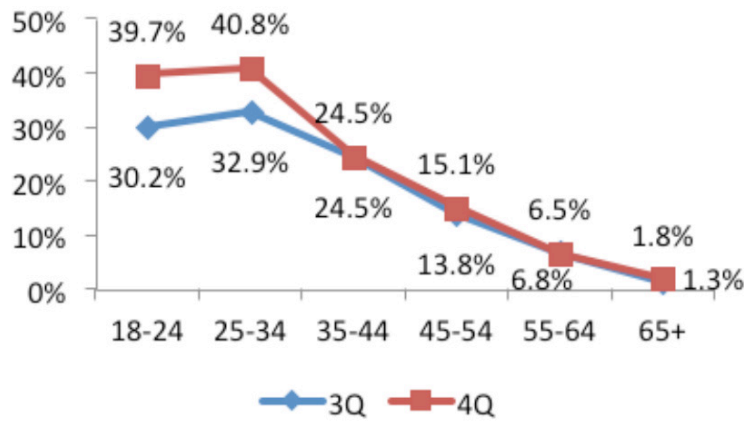
#### By Gender



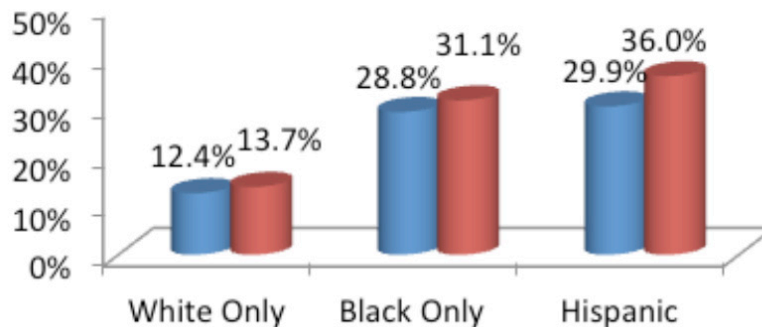


## The Employee Well Being Study

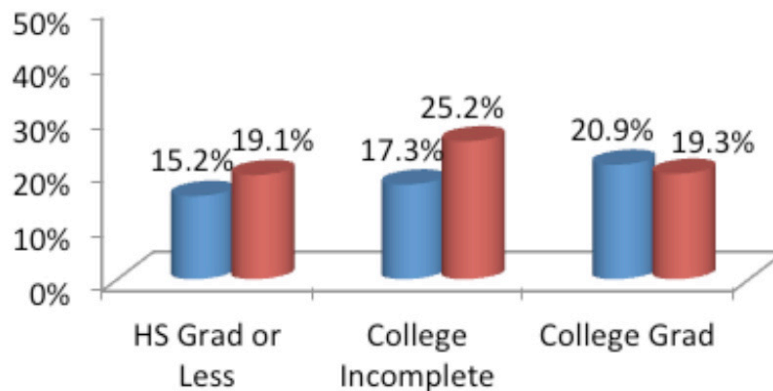
### Likelihood of a Promotion By Age



### Likelihood for a Promotion by Race



### Likelihood of Promotion By Education



## The Employee Well Being Study

### Raise of more than 3%

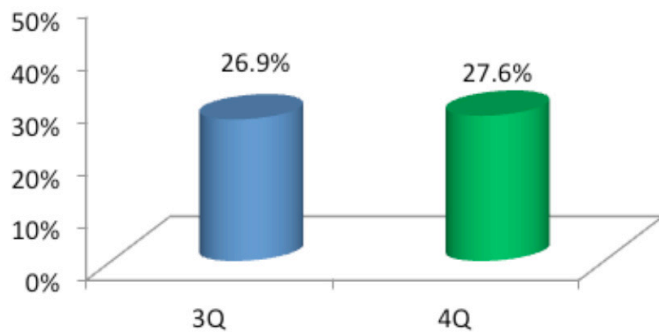
*Do you feel you'll receive a raise of 3% or more after your next review?*

Overall, just over one-quarter (27.6%) felt in the fourth quarter they would get a raise, about the same as it was in the third quarter. Younger respondents (34 and below) are the most inclined to feel they will get a raise. This belief increased during the fourth quarter.

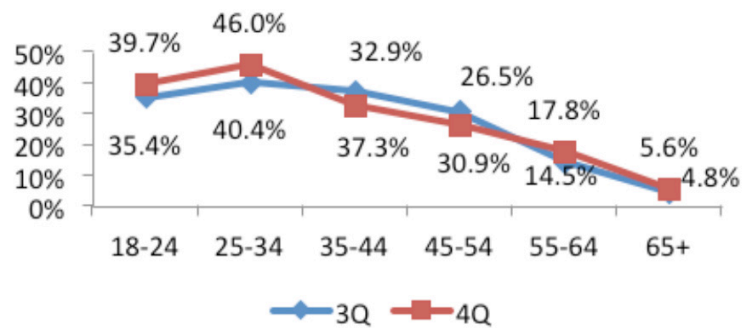
Interestingly, those with at least \$100K annual household income are the most inclined to think they'll get a raise, up 4.1 percentage points in the 4th quarter to 35.9%. Generally, as age increases from 35 on, the belief there will be a raise of at least 3% after the next review declines steadily.

Whites are the race the least optimistic about a raise, with 21.4% anticipating one vs. 41.1% and 39.1% for blacks and Hispanics, respectively.

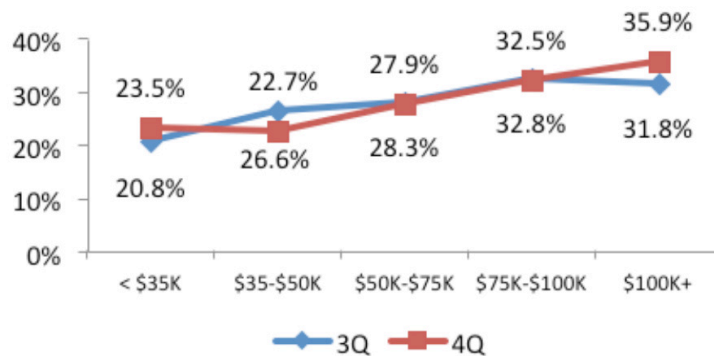
**Likelihood to Get a Raise**



**Likelihood to Get a Raise By Age**

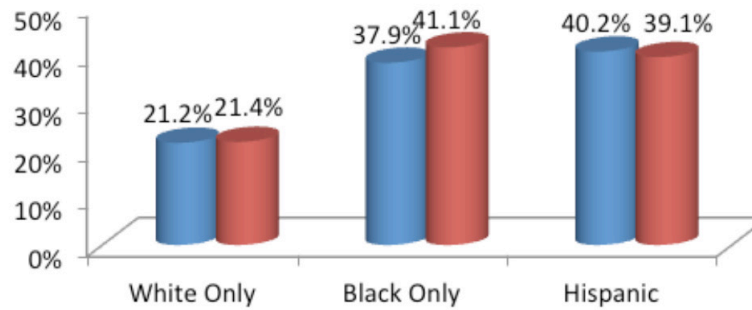


**Likelihood to Get a Raise By Income**

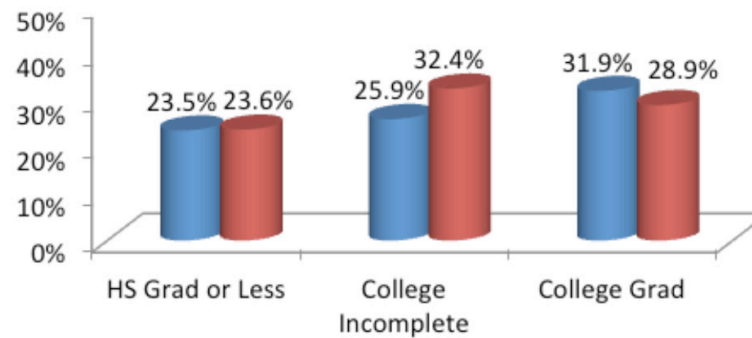


## The Employee Well Being Study

### Likelihood to Get a Raise By Race



### Likelihood to Get a Raise By Education



## The Employee Well Being Study

### Trust

*Do you trust your company's leadership to make sound decisions for the company and its employees?*

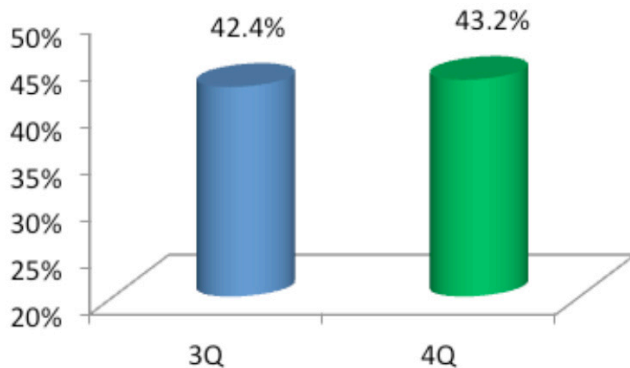
Overall, less than one-half (43.2%) trusted company leadership to make sound decisions in Q4 2014, similar to Q3.

Younger workers (age 34 and below) tend to be more trusting than older workers. There's a clear correlation showing that as age increased, trust in a company's leadership declines. Trust among those age 65 or more was less than one-half (25.3%) as those aged 18-25 (59.9%).

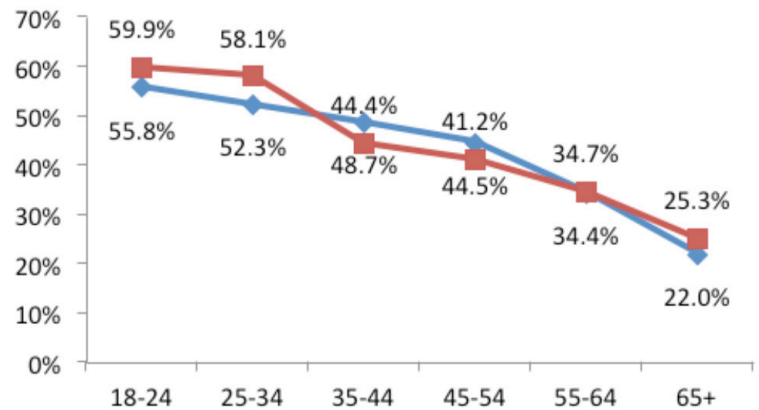
In contrast, there is an upward trend in trust as income rises. Those making less than \$35K per year indicated less trust (39.5%) in leadership than those making \$100K or more (50.4%) in the fourth quarter.

Hispanics were the most trusting in their company's leadership of all races segmented in the study, as 52.6% trusted management, similar to the third quarter and significantly higher than whites.

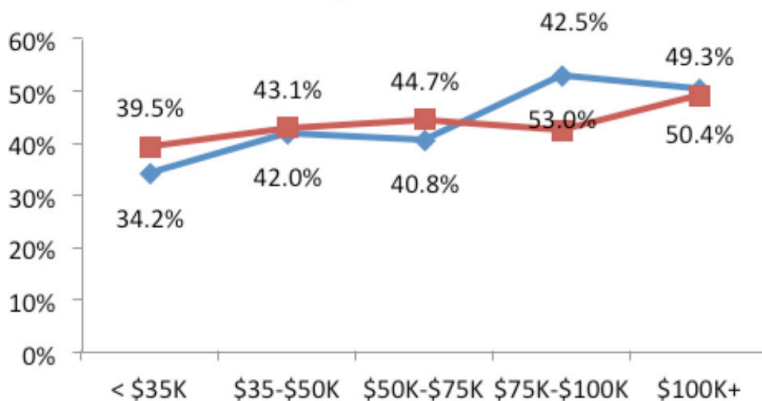
### Trust Company's Leadership



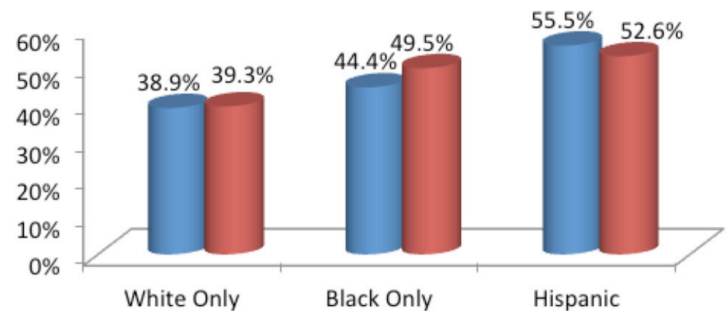
### Trust in Company's Leadership By Age



### Trust in Company's Leadership By Income



### Trust in Company's Leadership By Race



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