

HRO TODAY

Yoh
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THE EMPLOYEE WELL BEING STUDY

First Quarter 2015



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with Yoh Recruitment Process Outsourcing

Background

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

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 relative stability between the fourth quarter of 2014 and first quarter of 2015, falling slightly from 100.8 to 100.5. This suggests steadiness about employee's faith in their employment situation. However, there was a decline in optimism about both promotions and raises that partially offset optimism about job security. This suggests stagnation in employee's self-assessment of their financial situation that could result in more tightly controlled consumer spending behavior.

After a decline in job security in the fourth quarter, males in particular felt more confident in their job security. While all groups examined felt generally more positive about job security in the first quarter of 2015 over the fourth quarter of 2014, minorities, the young and the lowest income trail in perceptions of employment well-being.

The Bureau of Labor Statistics (BLS) supports job security study findings. Once again, Women outgained men in job growth percentage by a ratio of more than 2:1 in the fourth quarter vs. the first quarter. While the number of White and Black workers both remained fairly steady, the number of Hispanics increased by 1.4%. Study findings show Hispanics are feeling more positively about job security in the first quarter.

Overall, there was a slight decline in the belief in a promotion from the current employer in the next 12 months, down to 18.7% from 19.6% in the prior quarter. The proportion of males feeling it likely they'd get a promotion fell from 24.9% in the fourth quarter to 22.2%. However, males remain more optimistic than females, with only 15.4% reporting it likely they'd get a promotion.

Hispanics again showed the most optimism of any ethnic group examined in getting a promotion, though less so than in the fourth quarter. Also very clear is the inverse relationship between the increased likelihood of a promotion and getting older. This is likely because as an employee ages and advances in their career, there are fewer opportunities for promotion.

The gap is widening between rich and poor. Just over one-quarter (27.2%) of respondents feel they'll get a raise of at least 3% after their next review, almost unchanged since the fourth quarter. As income increases, so does the belief in the likelihood of a raise. Those with at least \$100K annual household income are the most inclined to think they'll get a raise, while those making under \$35K are least optimistic.

We also see that as age increases from 35 on, the belief there will be a raise of at least 3% after the next review declines dramatically. As employees get older, increasingly more feel what they make today is about what they'll make tomorrow.

The belief in limited potential of increased income is reflected in BLS statistics for the first quarter. Overall, seasonally adjusted median weekly earnings were \$808 in the first quarter of 2015, little changed from the previous quarter earnings of \$799.

BLS statistics also support findings about income. In the first quarter, those with a bachelor's degree or higher had a greater increase in median weekly income than those with less education. In fact, those with less than a high school education saw a decline in weekly income of 2.6%, likely because of seasonality. Blacks and Hispanics reported income changes of 4.0% and -1.7%, respectively. The decline in Hispanic income contrasts reported optimism.

Most employees don't have trust in their company's leadership. Overall, less than one-half (44.2%) trusted company leadership to make sound decisions in Q1 2015, though that's a slight increase for each of the prior two quarters.

Further, there's a clear correlation showing that as age increases, trust in a company's leadership erodes. Not a good trend for an aging population. The groups with the least trust are the oldest, least educated, lowest incomes and white.

The Employee Well Being Study

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 (CCI). March showed an increase in confidence of 8.4 points, to 101.4 from 93.0 from December. This contrasts with employee confidence, which showed a slight decline of 0.3 to 100.5 from the fourth quarter to end of the first quarter of 2015. In fact, April estimates for the CCI dropped back down to 95.2, perhaps in response to a lackluster GDP first quarter growth rate estimate of 0.2%.

The S&P 500 also had very modest growth during the first quarter, up 0.95%, down considerably from the fourth quarter's rate of 4.90%.

The unemployment rate also continued to decline at the end of the first quarter to 5.5%, the lowest level since June 2008. This is consistent with findings from this study about increased job security.

So overall, while the US economy grew during the first quarter, the rate of growth declined. Consumer expenditures are about 70% of the GDP, so if the employed workforce feels less optimistic, it will ultimately impact the GDP.

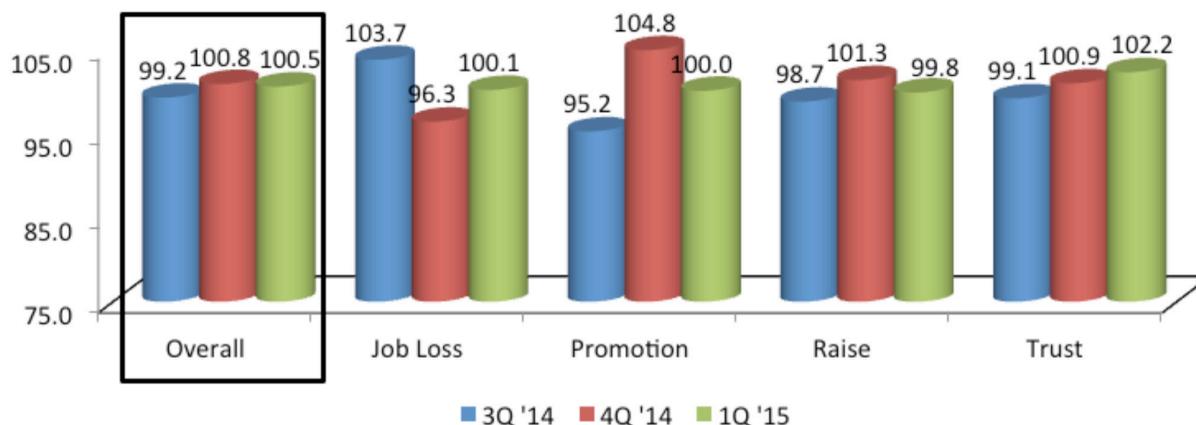
Employee Well Being Index

The Employee Well Being Index showed stability between the fourth quarter of 2014 and first quarter of 2015, falling only slightly from 100.8 to 100.5. This suggests steadiness about employee's faith in their employment situation.

There are four components that comprise the overall 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 two of the four metrics examined, Job Loss and Trust in Company Leadership, both increased. There was an increase in optimism with job security, as the index rose nearly 4 points, from 96.3 to 100.1 from the fourth quarter of 2014 to the first quarter of 2015. Further, the index for Trust in Company Leadership increased in two consecutive quarters. But dragging down the overall index was a sharp decline in optimism about promotion potential as well as the potential for raises above 3%. So while more employees feel secure about their jobs, fewer feel they will significantly raise their personal income.

Employee Well Being Index



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 1Q 2015, significantly fewer felt it likely they would lose their job in the next 12 months compared to 4Q 2014. Nearly one in ten (9.9%) indicated they're likely to lose a job, vs. 12.6% in the fourth quarter, a 2.7 percentage point decline. This means more people felt more positively about their employment security in the first quarter than in the fourth quarter of the prior year. No doubt seasonality plays a big role, as many jobs, such as those in retail, are no longer options after the conclusion of the fourth quarter.

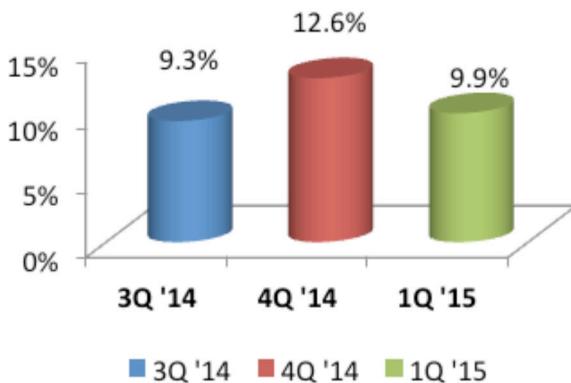
The percentage of males feeling it likely they'd lose their job declined from 15.5% in the fourth quarter to 12.3% in Q1 2015, a difference of 3.2 percentage points. Females also indicated a decline of 2 percentage points to 7.8%. Once again we see that people aged 34 and below are the least secure. 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 months. In the first quarter, 12.3% of this group thought it likely, though that was a decline from 17.8% in the fourth quarter.

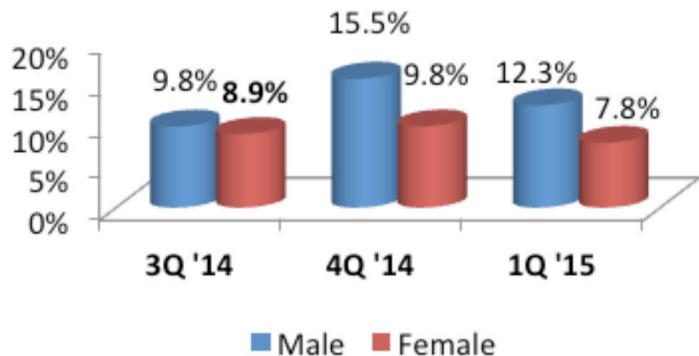
In terms of race, whites remain the most confident they won't lose their jobs, with 8.0% stating it was likely they'd lose their job in the next 12 months. And while Hispanics were again the least job secure with 14.6% stating job loss was likely, that was a significant decline of 9 percentage points from the fourth quarter of 2014.

Likely to Lose Job

Likelihood to Lose Job

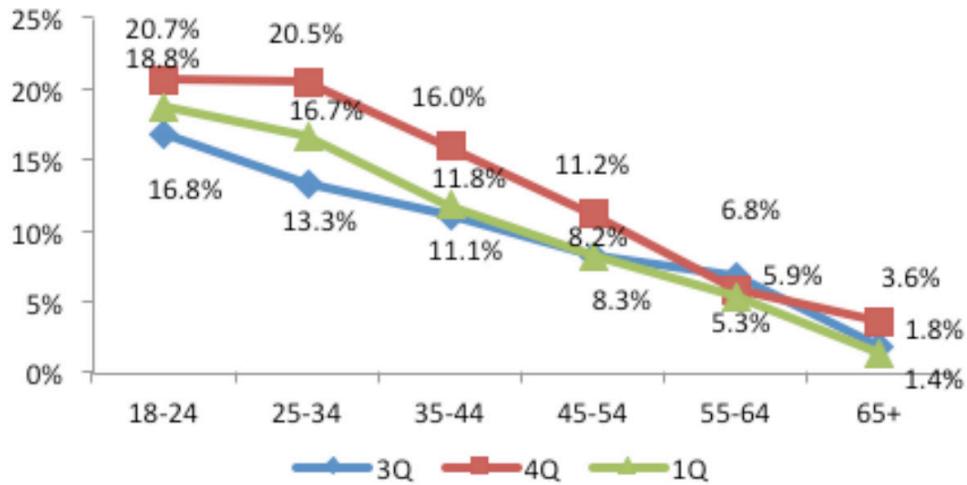


Likelihood to Lose Job By Gender

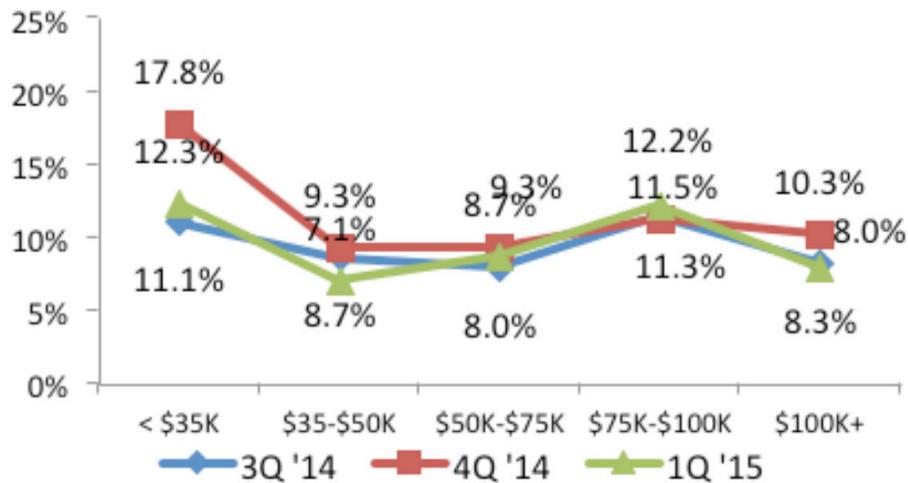


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**Likelihood to Loose Job
By Age**

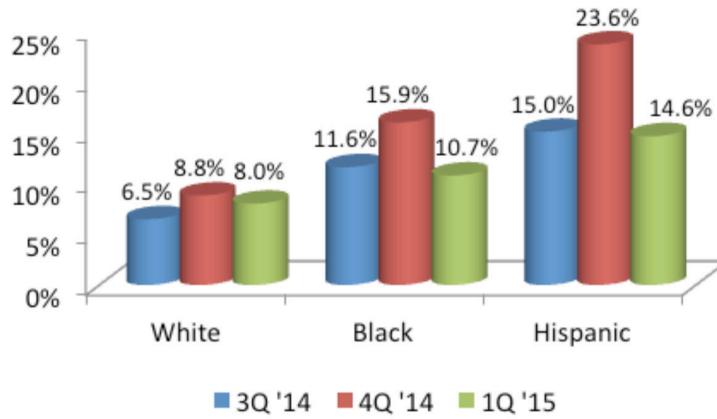


**Likelihood to Lose Job
By Income**

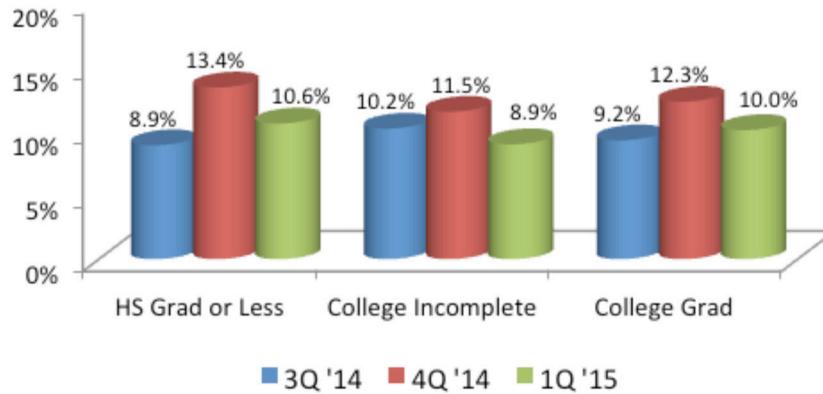


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**Likelihood to Lose Job
By Race**



**Likelihood to Lose Job
By Education**



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Likelihood of a Promotion

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

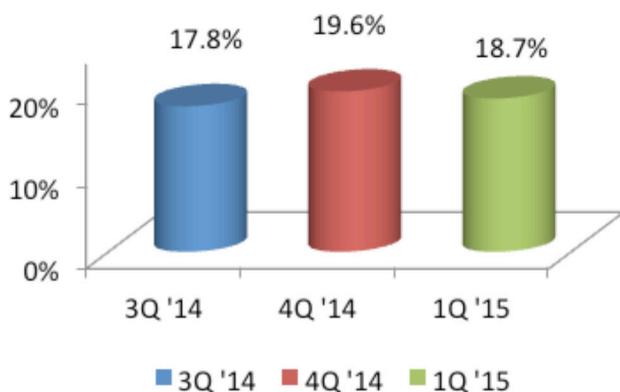
In contrast to the optimism about job security from the fourth to the first quarter of 2015, there was a slight decline in optimism about the likelihood of a promotion. Fewer feel it likely they'll be promoted in the first quarter (18.7%) than in the fourth (19.6%).

Males continue to be more optimistic than females, though less so than in the fourth quarter. 22.2% of males indicated they felt it likely they'll receive a promotion vs. 15.4% of females, a difference of 6.8 percentage points. Younger employees (those under 34) are the most inclined to anticipate a promotion, with 36.1% in the first quarter feeling a promotion is likely, down 4.7 percentage points from the fourth 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.

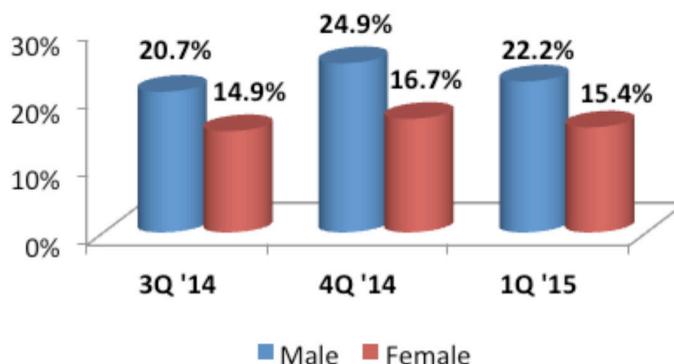
Minorities are the most optimistic about promotions. Hispanics are once again the group most optimistic about a promotion, with 30.3% stating it likely when asked in the fourth quarter. But that's down from 36.0% in the fourth quarter, and only moderately above the 27.7% reported by blacks.

For the first time in three quarters, college graduates are the most optimistic about the prospects of a job promotion, as indicated by nearly one-quarter (23.4%), an increase of 4.1% over the fourth quarter.

Likelihood of a Promotion

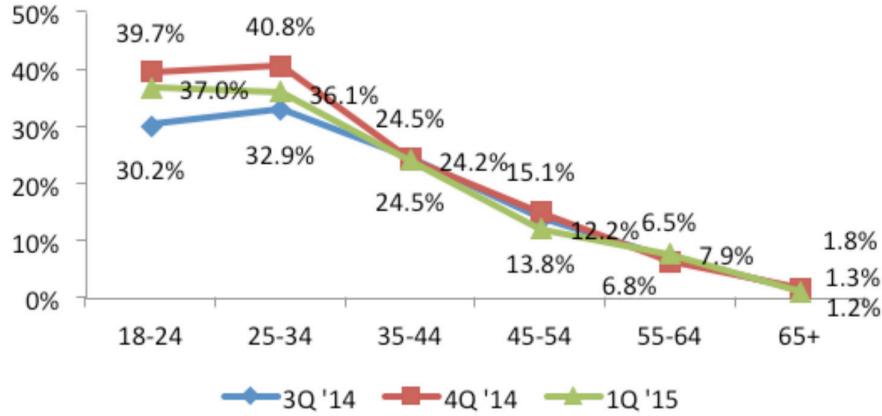


**Likelihood of Promotion
By Gender**

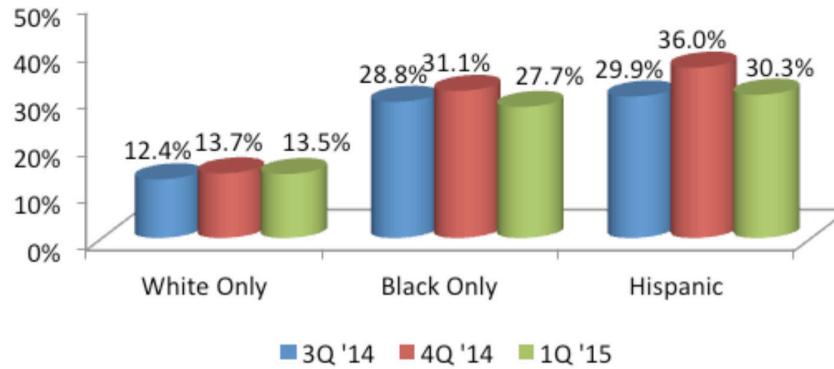


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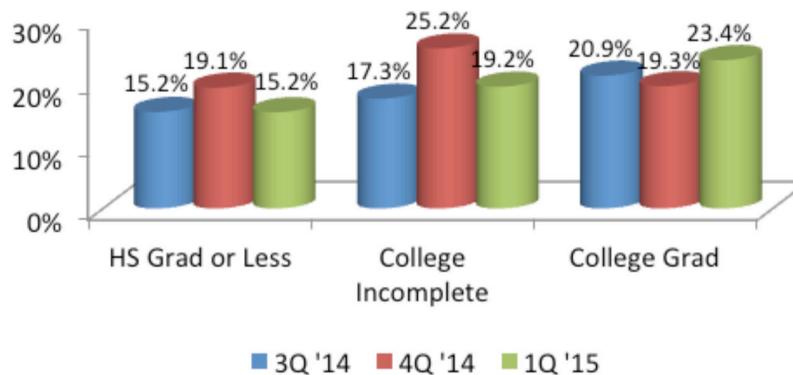
**Likelihood of a Promotion
By Age**



**Likelihood for a Promotion
by Race**



**Likelihood of Promotion
By Education**



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Raise of more than 3%

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

Consistent with the prior two quarters, just over one-quarter (27.2%) indicated in the first quarter they would get a raise of 3% or more. Younger respondents (34 and below) are the most inclined to feel they will get a raise, though this optimistic assessment from 41.1% of respondents in that category did fall back to a similar level found the third quarter.

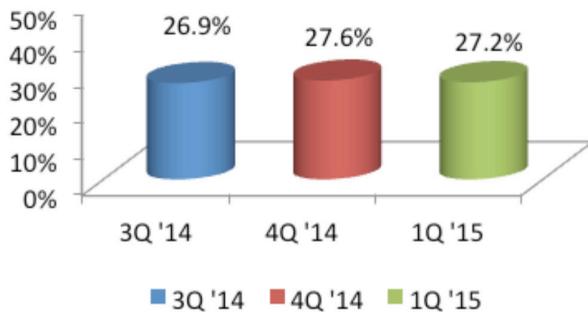
Males are more likely than females to anticipate getting a raise, 31.6% to 23.1%, respectively, a difference that has remained stable over all three quarters.

But as income increases, so does the belief in the likelihood of a raise. Those with at least \$100K annual household income are the most inclined to think they'll get a raise, while those making under \$35K are least optimistic. This suggests a widening of the gap between higher and lower income workers.

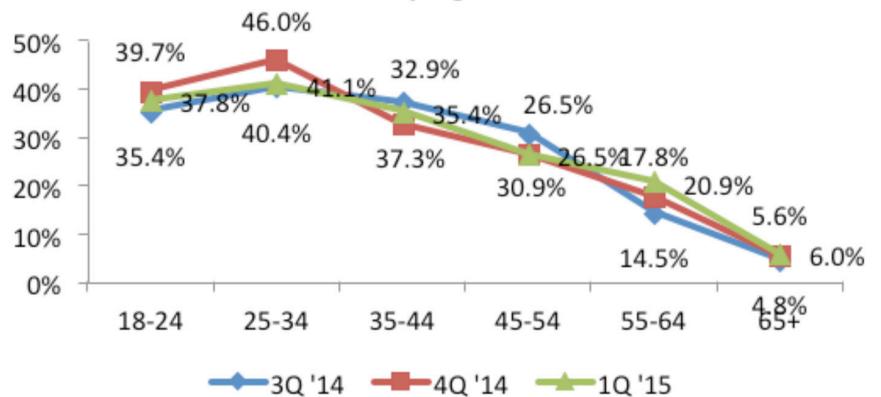
In contrast we see that as age increases from 35 on, the belief there will be a raise of at least 3% after the next review declines dramatically.

Whites are the race the least optimistic about a raise, with 22.9% anticipating one vs. 33.6% and 37.6% for Blacks and Hispanics, respectively.

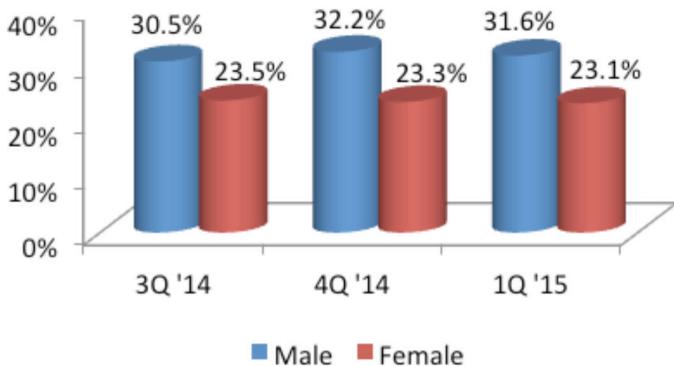
Likelihood to Get a Raise



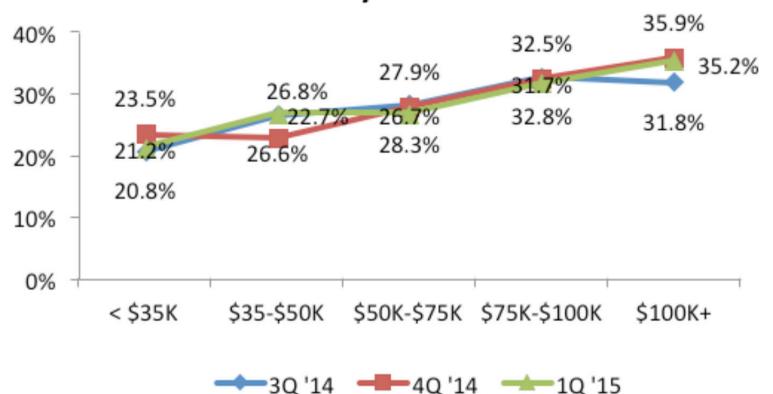
Likelihood to Get a Raise By Age



Likelihood to Get a Raise By Gender

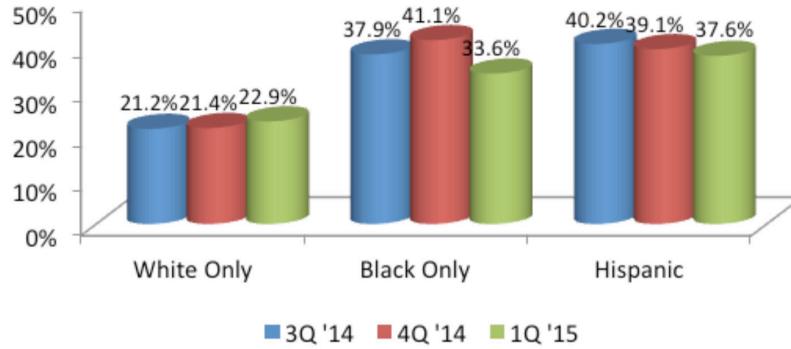


Likelihood to Get a Raise By Income

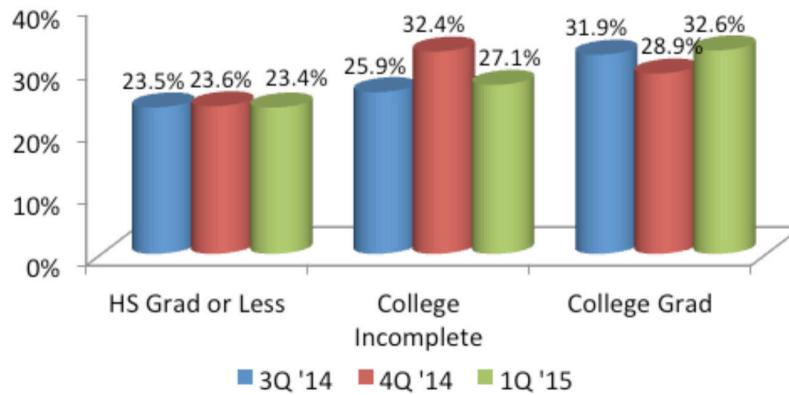


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**Likelihood to Get a Raise
By Race**



**Likelihood to Get a Raise
By Education**



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Trust

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

Overall, less than one-half (44.2%) trusted company leadership to make sound decisions in Q1 2015, similar to the prior two quarters. In the first quarter, males are marginally more likely to trust company leadership than females, 47.1% vs 41.5%, respectively. This has remained fairly consistent in each quarter.

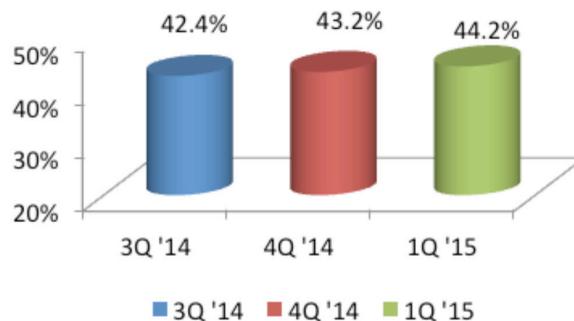
Younger workers (age 34 and below) tend to be more trusting of company leadership than older workers. There's a clear correlation showing that as age increases, trust in a company's leadership erodes. Trust among those aged 65 or more was less than one-half (22.9%) as those aged 18-25 (59.9%). This trend has been very stable over the last three quarters.

Conversely, there is an upward trend in trust as income rises. In the first quarter of 2015, those making less than \$35K per year indicated less trust (38.2%) in leadership than those making \$100K or more (51.0%).

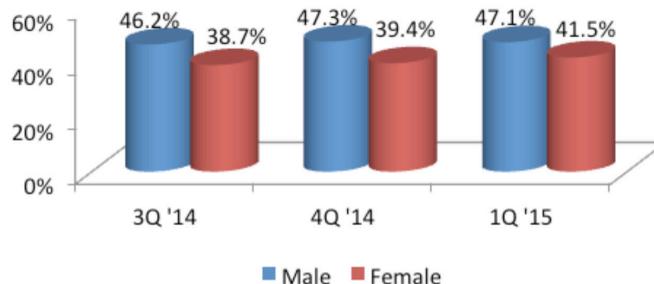
Once again, we see that Hispanics are the most trusting in their company's leadership of all races segmented in the study, as 52.1% trusted management. But that trust has eroded in each quarter, and bears watching going forward.

Generally speaking, as education increases, so does trust in company leadership, at least in the first quarter of 2015. The most educated trust significantly more (49.3%) than the least educated (39.1%).

Trust Company's Leadership

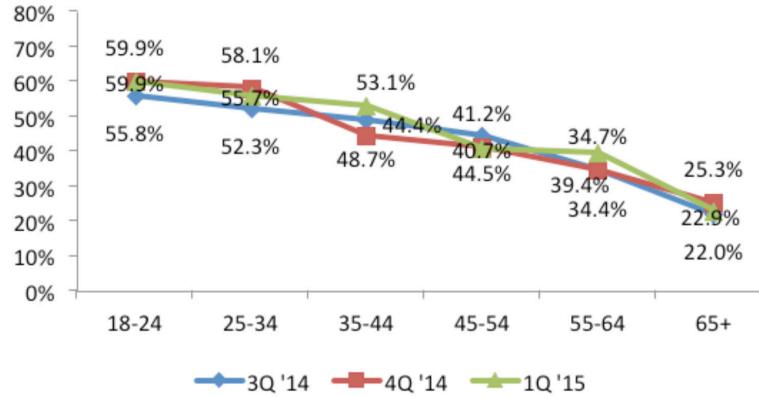


Trust in Company's Leadership By Gender

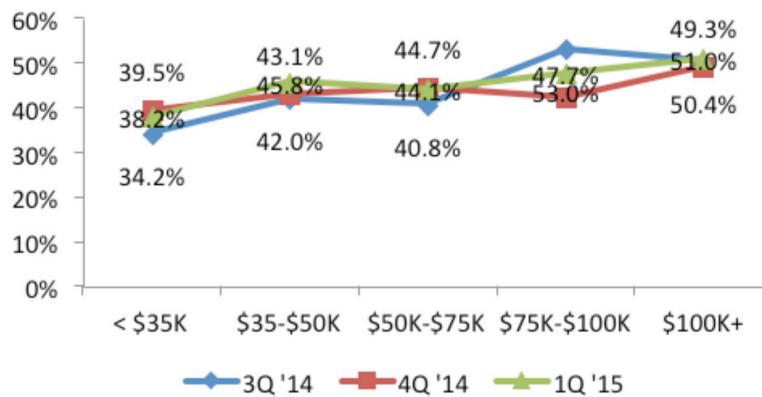


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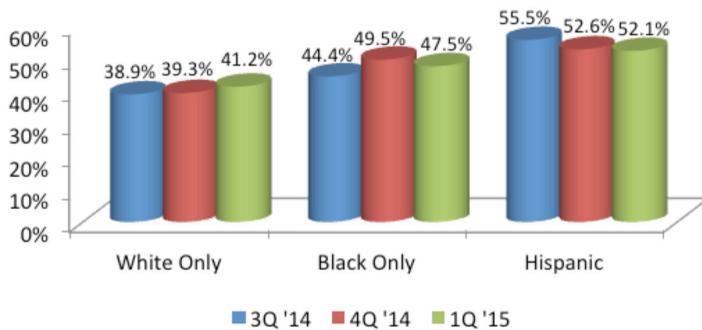
**Trust in Company's Leadership
By Age**



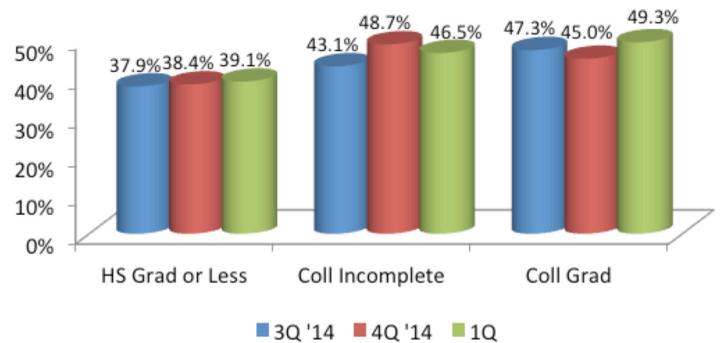
**Trust in Company's Leadership
By Income**



**Trust in Company's Leadership
By Race**



**Trust in Company's Leadership
By Education**



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