

HRO TODAY

 **Yoh**
A DAY & ZIMMERMANN COMPANY

THE EMPLOYEE WELL BEING STUDY

November 2015



Published by *HRO Today* Magazine in Cooperation
with Yoh Recruitment Process Outsourcing

Background

In the Third Quarter of 2014, *HRO Today* Magazine and Yoh Recruitment Process Outsourcing joined together and launched an index to measure employment security.

There was a need for a new index. Existing indices examined attitudes about the economy, such as the Consumer Confidence Index, Gallup's Economic Confidence Index, the Bureau of Labor Statistics' 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 U.S Bureau of Economic Analysis (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 how individuals perceive their job outlook.

Methodology

Each month, *HRO Today* magazine employs ORC International's CARAVAN® Omnibus Surveys. Approximately 333 interviews are conducted online each month. Respondents are individuals age 18+ who are 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 decreased between the second and third quarters of 2015, from 102.3 to 97.8.

This is the lowest level since the study's inception. The decline suggests frustration about employee's faith in their employment situation, despite the unemployment rate drop to 5.1%. There were decreases in optimism in three of the four areas examined: Job promotion potential, raise potential, and trust. The lone metric in increase was job security, which corresponds to an overall declining national unemployment rate. **The decline in the Employee Well Being Index could be a harbinger of a challenging 2015 holiday season.**

Females continue to feel particularly confident in their job security. Most groups examined felt generally more positive about job security in the third quarter of 2015 over the second quarter; minorities, and the young trail in perceptions of employment well-being. Further, the oldest workers, age 55 or more, felt less secure about their jobs in the third quarter than in the second.

The Bureau of Labor Statistics (BLS) is consistent with study job security findings. In a reversal from prior trends, Men outgained Women in job growth percentage in the third quarter, 1.12% vs. 0.36%, respectively. Minority job growth was a higher percentage than White: Both African Americans and Hispanics had 2.0% job growth compared with .05% for Whites. Our study findings show Hispanics are feeling more positively about job security in the second quarter, with Whites and Blacks essentially flat.

Overall, there was a decrease in the belief in a promotion from the current employer in the next 12 months, down to 18.3% from 20.3% in the prior quarter. Males continue to be more optimistic than females, with a 5 percentage point gap between them. And 20.9% of males indicated they felt it likely they'll receive a promotion vs. 15.9% of females.

Minorities showed more optimism than whites in getting a promotion, by a ratio of more than 2:1. However, Blacks' optimism fell 6 percentage points to 29.2% in the third quarter. Again, we see 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.

Just over one-quarter (25.7%) of respondents feel they'll get a raise of at least 3% after their next review, falling nearly 2 percentage points from the second quarter to the lowest level in all five quarters examined. While males are more likely than females to anticipate getting a raise, 28.3% to 23.2%, respectively, the percentage for males declined 4.1 percentage points. However the gap between rich and poor continues to expand. 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 25 on, the belief there will be a raise of at least 3% after the next review declines steadily. 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 third quarter. Overall, seasonally adjusted median weekly earnings were \$803 in the third quarter of 2015, up only 0.25% from the previous quarter earnings of \$801.

Trust in company leadership remains elusive. Overall, less than one-half (42.0%) trusted company leadership to make sound decisions in Q3 2015, a slight decline vs. the prior quarter. Increasingly, study trends show that as age increases, trust in a company's leadership erodes. The groups with the least trust are female, the oldest, the least educated, those with lowest incomes and Whites.

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). September showed an increase in confidence of 2.8 points, to 102.6 from 99.8 in June. This contrasts with our employee confidence, which showed a decline of 4.5 to 97.8 from the second quarter to the third quarter of 2015. October estimates for the CCI show a sharp decline to 97.6.

Third quarter earnings are expected to decrease 0.8% from Q3 2014. Of the 459 companies in the S&P 500 that have reported earnings to date for Q3 2015, 69% have reported earnings above analyst expectations. This is above the long-term average of 63% and below the average over the past four quarters of 70%. 43% of companies have reported Q3 2015 revenue above analyst expectations. This is below the long-term average of 60% and is below the average over the past four quarters of 52%.⁽¹⁾

The unemployment rate continued to decline at the end of the third quarter to 5.1%, the lowest level since June 2008. This study also shows increased confidence in job security.

According to the U.S. Bureau of Economic Analysis, the economy grew during the third quarter, with a rate GDP rate of 1.5%, a lower rate of growth from 3.9 in the second quarter. The rate of growth is the lowest since the inception of this study. Consumer expenditures are about 70% of the GDP, so if the employed workforce feels more optimistic, it will impact the GDP.

(1) THIS WEEK IN EARNINGS, Thompson Reuters, November 13, 2015)

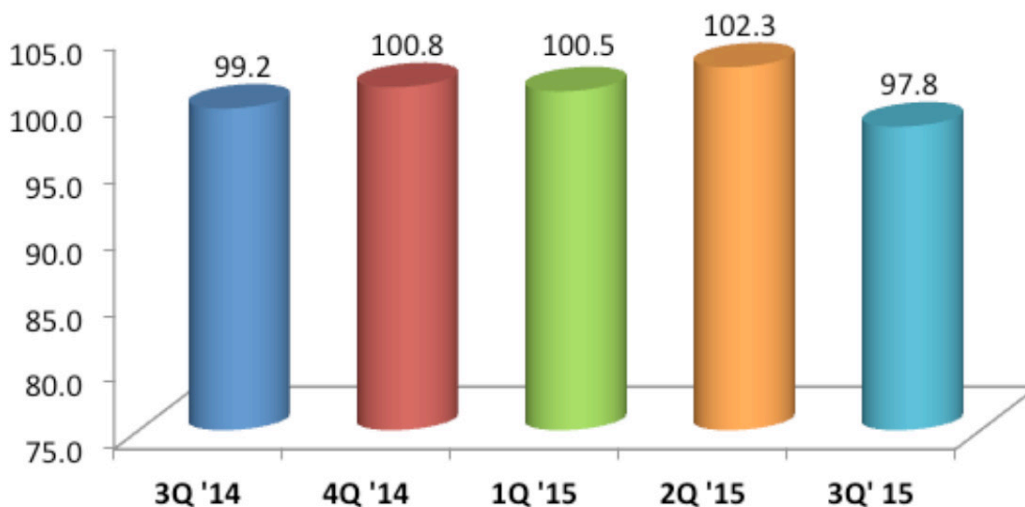
Employee Well Being Index

The Employee Well Being Index fell to its lowest level since this study's inception, down 4.5 points to 97.8 from the second quarter of 2015. This suggests frustration with employees' employment situation. The overall index is down 4.5 points since the second quarter of 2015.

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 three of the four metrics examined all decreased in the third quarter, with only trust job loss up, rising 2.0 points from the second quarter. Driving the overall decline in the index was a decline with only optimism about job loss up, as the index fell 10.5 points to 95.9 after rising more than 6 points the prior quarter. This is roughly the same level it was in the 3Q 2014 (95.2) suggesting seasonality could play a part in the sentiment. Optimism about a raise of at least 3% also fell markedly, down 7.3 points to 93.8. This is nearly 5 points lower than findings from the same quarter in 2014.

Employee Well Being Index



Index Category Detailed Trend Analysis

	3Q '14	4Q '14	1Q '15	2Q '15	3Q '15
Job Loss	103.7	96.3	100.1	102.5	104.5
Promotion	95.2	104.8	100.0	106.3	95.9
Raise	98.7	101.3	99.8	101.1	93.8
Trust	99.1	100.9	102.2	99.3	97.2

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?

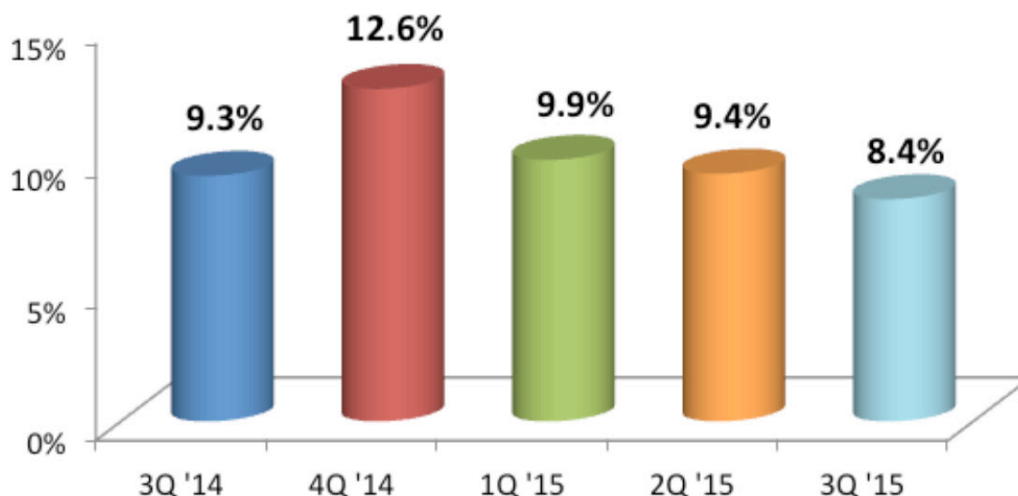
During 3Q 2015, fewer felt it likely they would lose their job in the next 12 months compared to the prior quarter for the third consecutive time. Only (8.4%) indicated they're likely to lose a job, below the 9.4% reported in the second quarter. This is the lowest level we've seen in 5 quarters of analysis. This measure of employment confidence could worsen in the fourth quarter because of seasonality.

The percentage of males feeling it likely they'd lose their job declined from 11.1% in the second quarter of 2015 to 9.8% in Q3. Females also fell, down 0.6 points to 7.1%, the lowest percentage of all five quarters examined. We see that the youngest people are the least secure. Each quarter continues to show an inverse linear relationship between age and job security. While 15.1% of those 18-24 feel it likely they will lose their job, only 3.9% of those employed and at least 65 years old feel they will lose their job. However, both those groups between 55-64 and 65+ reported increased concern over potential job loss when compared to the second quarter.

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 third quarter, 10.1% of this group thought it likely, though; that proportion has declined for three consecutive quarters.

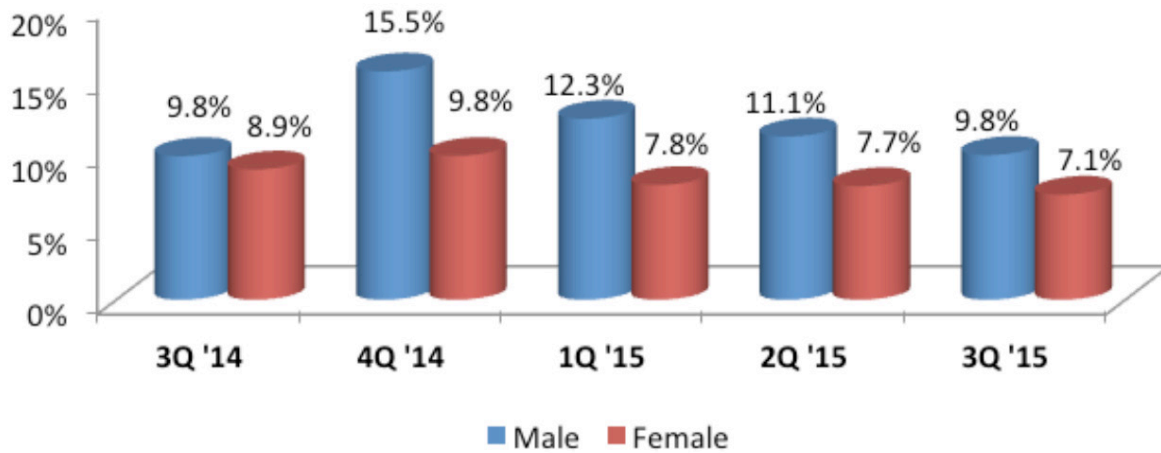
In terms of race, whites remain the most confident they won't lose their jobs, with only 5.7% stating it was likely they'd lose their job in the next 12 months, about the same as in the second quarter. Hispanics' perception of job security remains volatile, with a 3.4 point decline down to 16.0% in perception of likely job loss in the third quarter. This contrasts with an increase of nearly 5 points between the first quarter and second quarters.

Likelihood to Lose Job



The Employee Well Being Study

**Likelihood to Lose Job
By Gender**



**Likelihood to Lose Job
By Age**

	3Q '14	4Q '14	1Q '15	2Q '15	3Q '15
18-24	16.8%	20.7%	18.8%	15.7%	15.1%
25-34	13.3%	20.5%	16.7%	14.9%	10.6%
35-44	11.1%	16.0%	11.8%	12.3%	9.3%
45-54	8.3%	11.2%	8.2%	8.8%	7.5%
55-64	6.8%	5.9%	5.3%	3.6%	6.7%
65+	1.8%	3.6%	1.4%	2.8%	3.9%

Likelihood to Lose Job By Income

	3Q '14	4Q '14	1Q '15	2Q '15	3Q '15
< \$35K	11.1%	17.8%	12.3%	10.9%	10.1%
\$35-\$50K	8.7%	9.3%	7.1%	8.8%	7.1%
\$50K-\$75K	8.0%	9.3%	8.7%	7.1%	7.5%
\$75K-\$100K	11.5%	11.3%	12.2%	7.9%	8.9%
\$100K+	8.3%	10.3%	8.0%	10.9%	6.7%

Likelihood to Lose Job By Race

	3Q '14	4Q '14	1Q '15	2Q '15	3Q '15
White	6.5%	8.8%	8.0%	6.0%	5.7%
Black	11.6%	15.9%	10.7%	11.3%	12.7%
Hispanic	15.0%	23.6%	14.6%	19.4%	16.0%

Likelihood to Lose Job By Education

	3Q '14	4Q '14	1Q '15	2Q '15	3Q '15
HS Grad or Less	8.9%	13.4%	10.6%	9.4%	9.4%
College Incomplete	10.2%	11.5%	8.9%	7.2%	7.1%
College Graduate	9.2%	12.3%	10.0%	10.9%	8.4%

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?

There was a decline in optimism about the likelihood of a promotion in the third quarter, down 2 percentage points to 18.3%. Perceptions of the likelihood of promotion have stayed within a three percentage point range over the last five quarters.

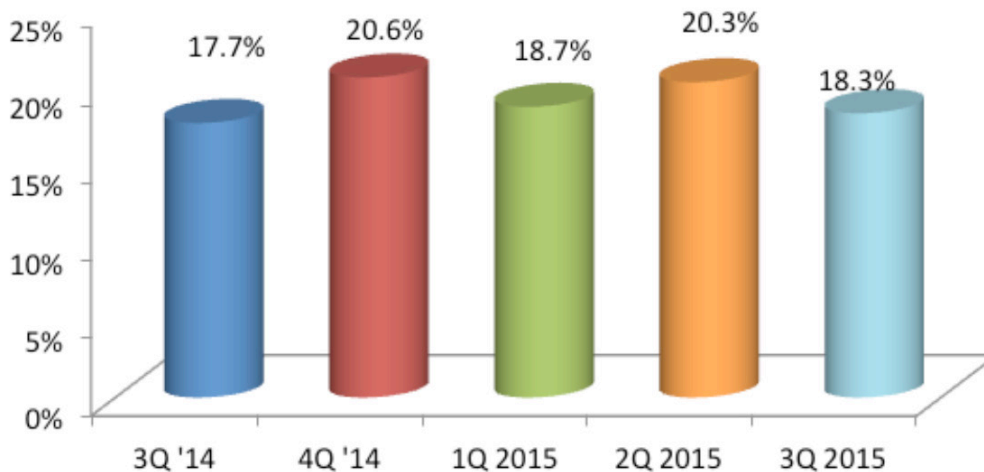
Males are more optimistic than females, with a gap between them of 5 percentage points, similar to the second quarter. One-fifth (20.9%) of males indicated they felt it likely they'll receive a promotion vs. 15.9% of females. The youngest employees (those under 24) are the most inclined to anticipate a promotion, with 35.0% in the third quarter feeling a promotion is likely, though this fell nearly six percentage points from the second quarter. This group's responses have ranged by 10 percentage points, the most of any age classification. Again, we see 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. Those in the 18-24 age group are nearly four times more likely to think they'll get a promotion than those in the 55-64 group. This is likely do less opportunity for further promotion among the most experienced workers.

Those making between \$35,000 and \$50,000 are the least optimistic about a promotion. In fact, the proportion of those feeling they would get a promotion fell 6.5 percentage points to 15.3% in the third quarter.

Minorities are the most optimistic about promotions. Hispanics are once again the group most optimistic about a promotion, with 31.3% stating it likely when asked in the third quarter, though that's down from 36.3% in the second quarter. Optimism among Blacks also fell, down 7.1% to 29.2%.

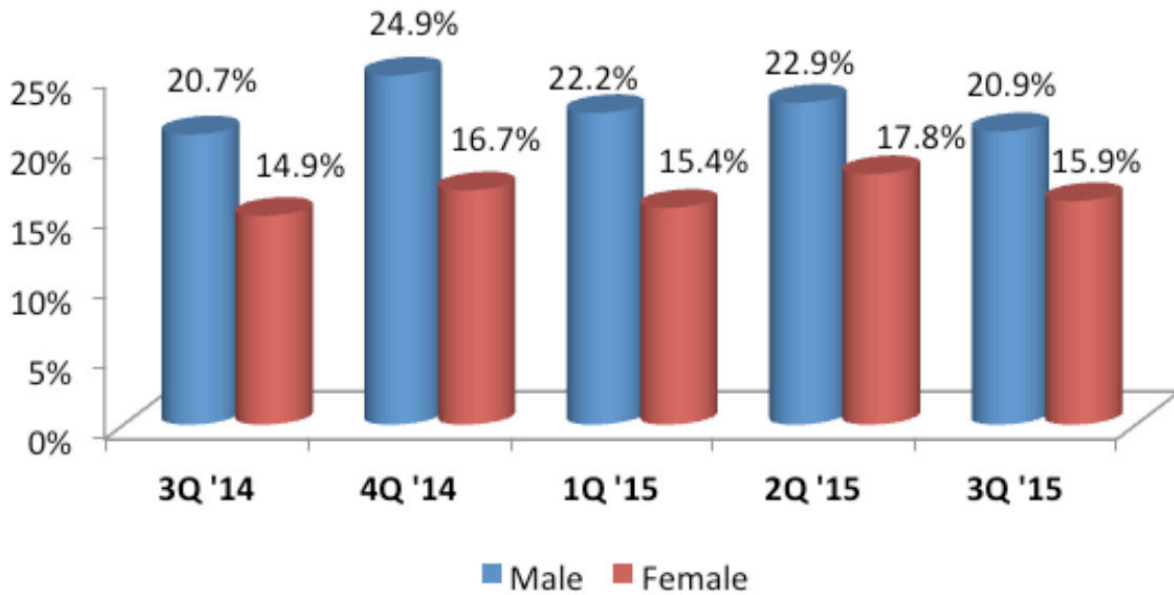
Those with only a high school diploma or less are the least likely to believe a promotion is coming, as only 16.6% in the third quarter cited a promotion was likely. While finding for those with the lowest level of education was stagnant, respondents with some college as well as college graduates anticipating a promotion fell to 19.0% and 20.1%, respectively.

Likelihood of a Promotion



The Employee Well Being Study

**Likelihood of Promotion
By Gender**



**Likelihood of a Promotion
By Age**

	3Q '14	4Q '14	1Q '15	2Q '15	3Q '15
18-24	30.2%	39.7%	37.0%	40.7%	35.0%
25-34	32.9%	40.8%	36.1%	37.0%	33.8%
35-44	24.5%	24.5%	24.2%	27.3%	22.3%
45-54	13.8%	15.1%	12.2%	13.2%	14.2%
55-64	6.8%	6.5%	7.9%	7.9%	8.9%
65+	1.3%	1.8%	1.2%	2.3%	1.2%

**Likelihood of a Promotion
By Income**

	3Q '14	4Q '14	1Q '15	2Q '15	3Q '15
< \$35K	14.1%	21.3%	17.7%	18.5%	17.9%
\$35-\$50K	16.8%	18.9%	18.1%	21.8%	15.3%
\$50K-\$75K	19.6%	20.9%	18.8%	20.4%	18.0%
\$75K-\$100K	19.8%	19.0%	21.8%	19.7%	20.1%
\$100K+	20.3%	22.1%	18.5%	23.0%	20.9%

**Likelihood of a Promotion
By Race**

	3Q '14	4Q '14	1Q '15	2Q '15	3Q '15
White Only	12.4%	13.7%	13.5%	13.5%	13.2%
Black Only	28.8%	31.1%	27.7%	36.3%	29.2%
Hispanic	29.9%	36.0%	30.3%	36.9%	31.3%

**Likelihood of a Promotion
By Education**

	3Q '14	4Q '14	1Q '15	2Q '15	3Q '15
HS Grad or Less	15.2%	19.1%	15.2%	16.8%	16.6%
College Incomplete	17.3%	25.2%	19.2%	23.9%	19.0%
College Graduate	20.9%	19.3%	23.4%	22.0%	20.1%

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?

Just over one-quarter (25.7%) indicated in the third quarter they would get a raise of 3% or more, falling nearly 2 percentage points from the second quarter to the lowest level in all five quarters examined. While males are more likely than females to anticipate getting a raise, 28.3% to 23.2%, respectively, the percentage for males declined 4.1 percentage points. Results in prior quarters were relatively stable.

Younger respondents (34 and below) continue to be the most inclined to feel they will get a raise, though the youngest group (18-24) fell 7.3 percentage points to 35.8%. In fact, five of the six age categories saw declines in the likeliness to get a raise—the exception being the 45-54 segment, up to 27.0% in the third quarter from 23.2% in the second quarter.

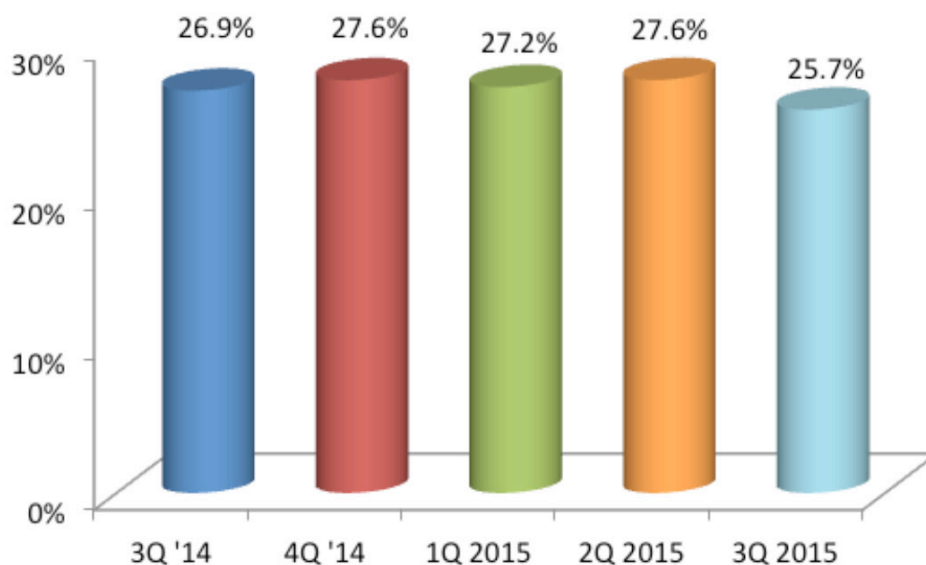
As income increases, so does the belief in the likelihood of a raise. Those with at least \$100K annual household income are the most inclined to think they'll get a raise, while those making under \$35K are least optimistic. Optimism for a raise declined the most among respondents in the \$35,000-\$50,000 range, down nearly 7 percentage points to 20.4%. The overall difference between higher and lower income workers beliefs about the likelihood of a raise remains a trend, and suggests a widening gap between upper and lower income households.

In contrast, we see that as age increases from 25 on, the belief there will be a raise of at least 3% after the next review declines dramatically.

Hispanics are the most optimistic about a raise by almost a 2:1 margin over whites, who are the least optimistic. However, the degree of optimism significantly fell for both Hispanics and Blacks, down to 37.5% and 33.1%, respectively, in the third quarter.

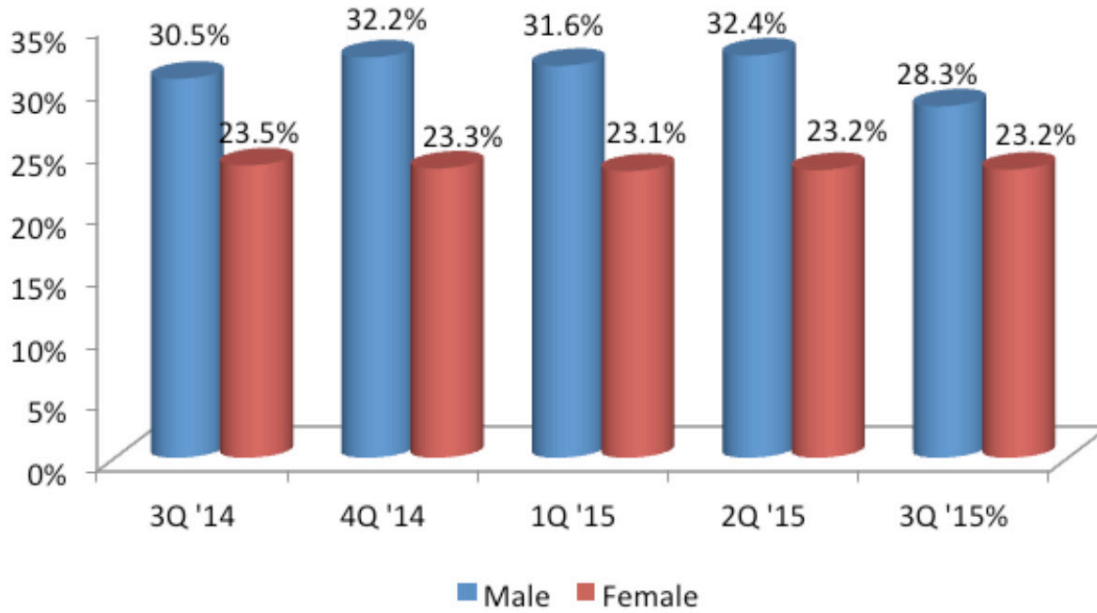
Nearly one-third (31.5%) of those with a college education or above feel they will get a raise, the highest of any education segment, but down from 34.1% in the second quarter, the biggest decline of any of the education segments.

Likelihood to Get a Raise



The Employee Well Being Study

**Likelihood to Get a Raise
By Gender**



**Likelihood to Get a Raise
By Age**

	3Q '14	4Q '14	1Q '15	2Q '15	3Q '15
18-24	35.4%	39.7%	37.8%	43.1%	35.8%
25-34	40.4%	46.0%	41.1%	42.4%	42.6%
35-44	37.3%	32.9%	35.4%	39.7%	31.0%
45-54	30.9%	26.5%	26.5%	23.2%	27.0%
55-64	14.5%	17.8%	20.9%	17.6%	17.3%
65+	4.8%	5.6%	6.0%	5.4%	4.6%

**Likelihood to Get a Raise
By Income**

	3Q '14	4Q '14	1Q '15	2Q '15	3Q '15
< \$35K	20.8%	23.5%	21.2%	21.3%	19.4%
\$35-\$50K	26.6%	22.7%	26.8%	27.3%	20.4%
\$50K-\$75K	28.3%	27.9%	26.7%	28.8%	29.3%
\$75K-\$100K	32.8%	32.5%	31.7%	29.4%	29.9%
\$100K+	31.8%	35.9%	35.2%	38.4%	35.5%

**Likelihood to Get a Raise
By Race**

	3Q '14	4Q '14	1Q '15	2Q '15	3Q '15
White Only	21.2%	21.4%	22.9%	21.7%	21.0%
Black Only	37.9%	41.1%	33.6%	40.2%	33.1%
Hispanic	40.2%	39.1%	37.6%	43.4%	37.5%

**Likelihood to Get a Raise
By Education**

	3Q '14	4Q '14	1Q '15	2Q '15	3Q '15
HS Grad or Less	23.5%	23.6%	23.4%	22.9%	21.1%
College Incomplete	25.9%	32.4%	27.1%	27.4%	26.1%
College Graduate	31.9%	28.9%	32.6%	34.1%	31.5%

The Employee Well Being Study

Trust

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

Once again, less than one-half (42.0%) trusted company leadership to make sound decisions in Q3 2015, similar to the prior four quarters. Males are more likely to trust company leadership than females, 44.1% vs. 40.0%, respectively. However, the gap (4.1 percentage points) between genders is about one-half of what it was in second quarter, as well as the lowest it's been in five quarters of analysis.

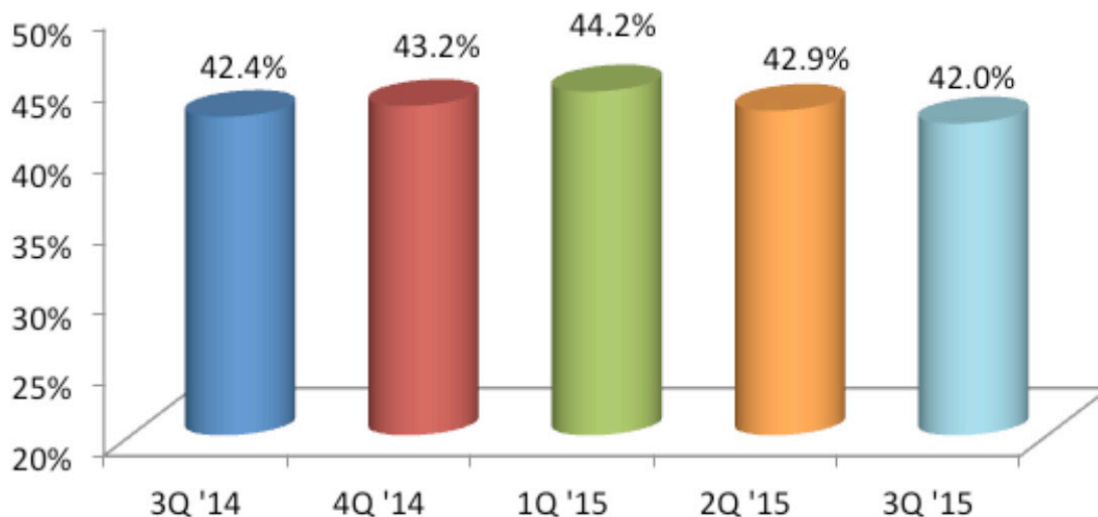
Most younger workers (age 34 and below) trust their company's leadership. This is not the case with those 35 and older. In fact, there's a clear correlation showing that as age increases, trust in a company's leadership erodes. Those in the age segment of 18-24 (56.7%) were 2.5 times more likely to trust as those age 65+ (22.2%). Employees 45 years or older did have higher levels of trust in the third quarter than in the second, while trust declined among those younger than 45 years old.

Conversely, there is an upward trend in trust as income rises. In the third quarter of 2015, those making less than \$35K per year indicated less trust (36.9%) in leadership than those making \$100K or more (50.7%). Trust declined notably in both of the higher income segments of \$75K-\$100K and \$100K+, falling 5.8 percentage points to 45.9% and 4.8 percentage points to 50.7%, respectively.

Minorities are more trusting in their company's leadership than whites. About one-half of both Blacks and Hispanics trust company leadership, while only 38.0% of Whites do likewise. Trust among Hispanics declined from the prior quarter by nearly 5 percentage points, to the lowest level it's been in 5 quarters.

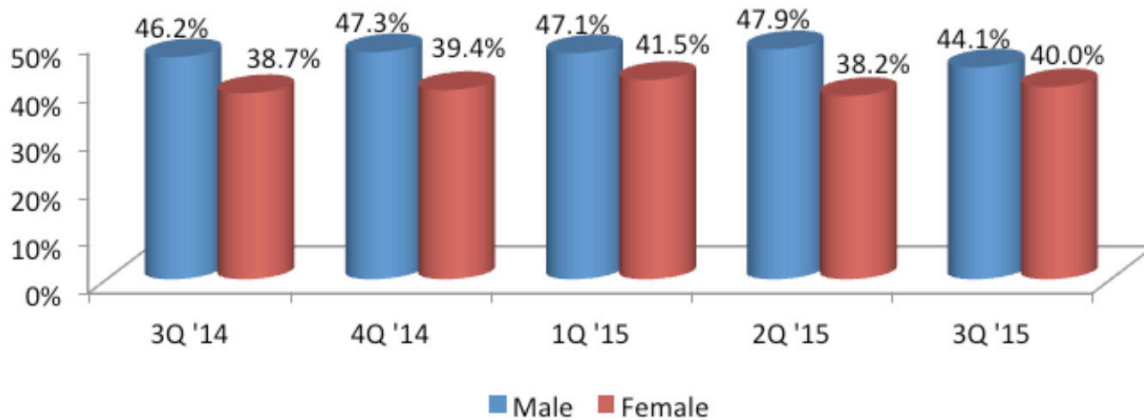
Generally speaking, as education increases, so does trust in company leadership, though the difference in trust between education levels declined in the third quarter. Trust declined for both those who either started college but not yet finished and those that graduated—while trust increased 3.9 percentage points to 39.6% among those with a high school diploma or less.

Trust Company's Leadership



The Employee Well Being Study

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



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

	3Q '14	4Q '14	1Q '15	2Q '15	3Q '15
18-24	55.8%	59.9%	59.9%	61.1%	56.7%
25-34	52.3%	58.1%	55.7%	56.3%	54.6%
35-44	48.7%	44.4%	53.1%	53.8%	46.4%
45-54	44.5%	41.2%	40.7%	36.9%	41.9%
55-64	34.4%	34.7%	39.4%	34.5%	35.6%
65+	22.0%	25.3%	22.9%	21.1%	22.2%

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

	3Q '14	4Q '14	1Q '15	2Q '15	3Q '15
< \$35K	34.2%	39.5%	38.2%	35.1%	36.9%
\$35-\$50K	42.0%	43.1%	45.8%	39.6%	38.7%
\$50K-\$75K	40.8%	44.7%	44.1%	42.6%	43.1%
\$75K-\$100K	53.0%	42.5%	47.7%	51.7%	45.9%
\$100K+	50.4%	49.3%	51.0%	55.5%	50.7%

Trust in Company's Leadership By Race

	3Q '14	4Q '14	1Q '15	2Q '15	3Q '15
White Only	38.9%	39.3%	41.2%	39.0%	38.0%
Black Only	44.4%	49.5%	47.5%	47.0%	49.9%
Hispanic	55.5%	52.6%	52.1%	55.7%	50.9%

Trust in Company's Leadership By Education

	3Q '14	4Q '14	1Q '15	2Q '15	3Q '15
HS Grad or Less	37.9%	38.4%	39.1%	36.0%	39.6%
College Incomplete	43.1%	48.7%	46.5%	47.2%	41.4%
College Graduate	47.3%	45.0%	49.3%	48.3%	45.9%

Study Demographics

	Count	%
Gender		
Male	1474	48.2%
Female	1582	51.8%

Age		
18-24	383	12.5%
25-34	538	17.6%
35-44	507	16.6%
45-54	549	18.0%
55-64	508	16.6%
65+	571	18.7%

Race		
White Only	2002	65.5%
Black Only	353	11.6%
Hispanic	464	15.2%

Household Income		
\$35K or Less	1077	35.2%
\$35K-\$50K	437	14.3%
\$50K-\$75K	629	20.6%
\$75K-\$100K	394	12.9%
\$100K+	521	17.0%

Education		
HS Grad or Less	1292	42.3%
Coll Incomplete	844	27.6%
Coll Graduate	920	30.1%

About *HRO Today* Magazine

HRO Today Magazine and newsletters are read by more than 140,000 HR executives and leaders worldwide and cover the latest industry trends in HR outsourcing, services, shared services and operations. *HRO Today Magazine* is the publication of choice for the most senior executives facing the strategic decisions about operational excellence. HRO Today and www.hrotoday.com offer the best content choices for the HR leaders seeking online information in the form of newsletters, webinar series and online video content. *HRO Today* is a product of SharedXpertise.

About YOH

For over 70 years, Yoh has provided the talent needed for the jobs and projects critical to our clients' success by offering comprehensive workforce solutions that focus on Aerospace and Defense, Engineering, Federal Services, Health Care, Life Sciences, Information Technology and Telecommunications. Yoh fulfills immediate resource needs and delivers enterprise workforce solutions, including Managed Services, Recruitment Process Outsourcing, Vendor Management Systems, Independent Contractor Compliance, and Payroll Services. For more information, visit yoh.com.

Yoh is a part of Yoh Services LLC, a Day & Zimmermann Company.