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Victor S. DeSantis  
*Bridgewater State College*

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# CREATING AN EMPLOYEE-FRIENDLY ENVIRONMENT: Lessons for Public and Private Sector Managers

Victor S. DeSantis

Over the last decade, the American worker has remained in a constant state of economic apprehension. News reports of worker layoffs in the name of corporate downsizing have been the story of the times. And pink slips have claimed the jobs of thousands of workers, mid-level managers and front-line employees alike. Public opinion polls have documented the level of worker anxiety and frustration. In 1992, the Clinton presidential campaign reflected this uneasiness in America with their slogan, "It's the economy, stupid." There is every reason to believe that both the Clinton and Dole campaigns in 1996 will attempt to revive this rallying cry. The state of apprehension for many American workers remains firmly entrenched.

While the general tide of worker anxiety may be evident, there are many organizations across the nation that, understanding these pressures, have attempted to create positive environments for their employees. Such efforts are aimed at attracting, retaining, and promoting the highest quality workers. Innovative programs and policies aimed at increasing worker satisfaction are beginning to

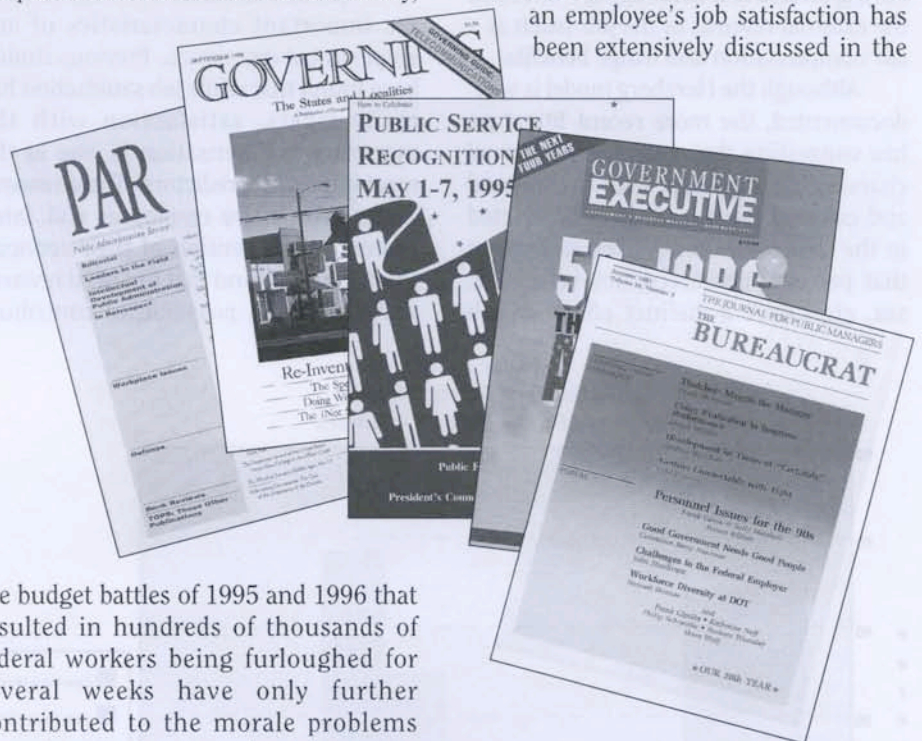
appear more often in the personnel systems of America's large and small companies.

As with most innovative management philosophies, the public sector has begun to understand these lessons as well, especially given the renewed interest in increasing performance levels in government. Whether you call it "reinventing government" or "results oriented government," the fact remains that public administrators have become very interested in identifying factors that affect worker satisfaction. Several national blue-ribbon commissions have issued reports in the last decade documenting the challenges that face the public sector. It should not be surprising that many of the recommendations for improving the quality and cost effectiveness of government programs deal with improving the morale and effectiveness of the public sector workforce. Undoubtedly,

organization can attain higher levels of productivity and employee commitment over the long run. To begin to understand how to build a better work team, it is important to begin to understand what factors influence an individual worker's level of job satisfaction. And, if we can identify the factors that motivate and satisfy the individual worker, how can we design innovative programs and policies to bring about a positive organizational environment?

## WHAT DO WE KNOW ABOUT JOB SATISFACTION?

Fortunately, the literature on job satisfaction and employee motivation is broad and varied. Empirical studies have demonstrated that job satisfaction levels vary widely in the American labor force. The affect of age, tenure, salary, job type, job level, and work environment on an employee's job satisfaction has been extensively discussed in the



the budget battles of 1995 and 1996 that resulted in hundreds of thousands of federal workers being furloughed for several weeks have only further contributed to the morale problems among many government employees.

Human resource managers have discovered that one of the keys to enhancing productivity and efficiency is not tighter employee regulation and further reductions in employee programs. Instead, many organizations will attest that a more flexible, employee friendly

human resources literature. While some of the classic studies show that employees generally want stable employment, opportunities for promotion, and satisfactory compensation, some more recent studies of public- and private-sector employees show that such things as



flexible work hours, social satisfaction, and the characteristics and behaviors of superiors also have an affect on the satisfaction levels of employees. The results of such studies support the idea that job satisfaction is a product of many different variables operating on the employee.

To understand job satisfaction in more precise terms, we can trace the literature to Frederick Herzberg and his associates and their classic study *The Motivation to Work* (1959). They developed the so-called "structural" or job-related explanation of job satisfaction, which focused on the attributes of "good" jobs as the primary factors explaining satisfaction of workers. This approach argues that two fundamental types of job characteristics are of crucial importance in attaining satisfaction among workers: the internal rewards of the job (such as having diverse and challenging work), and the external rewards of the job (such as fair compensation and fringe benefits).

Although the Herzberg model is well-documented, the more recent literature has suggesting that a worker's personal characteristics interact with the internal and external rewards of the job depicted in the structural model. The realization that personal characteristics (age, race, sex, etc.) have a distinct affect on job

satisfaction implies that job satisfaction may be more a result of the "fit" between worker needs and work requirements on the one hand and the actual job characteristics on the other.

In general, it is useful to identify four general categories of variables that might impact a worker's job satisfaction: monetary and nonmonetary rewards; job characteristics (the nature of the task); work characteristics (the nature of the environment); and personal characteristics. Job characteristics are factors that primarily pertain to the job itself. They relate to the way individuals perceive the duties or tasks that comprise their jobs. Work environment characteristics, on the other hand, are those factors that are perceived to assist or hinder employees from performing their assigned tasks. They focus on the nexus which links the employee to the organization.

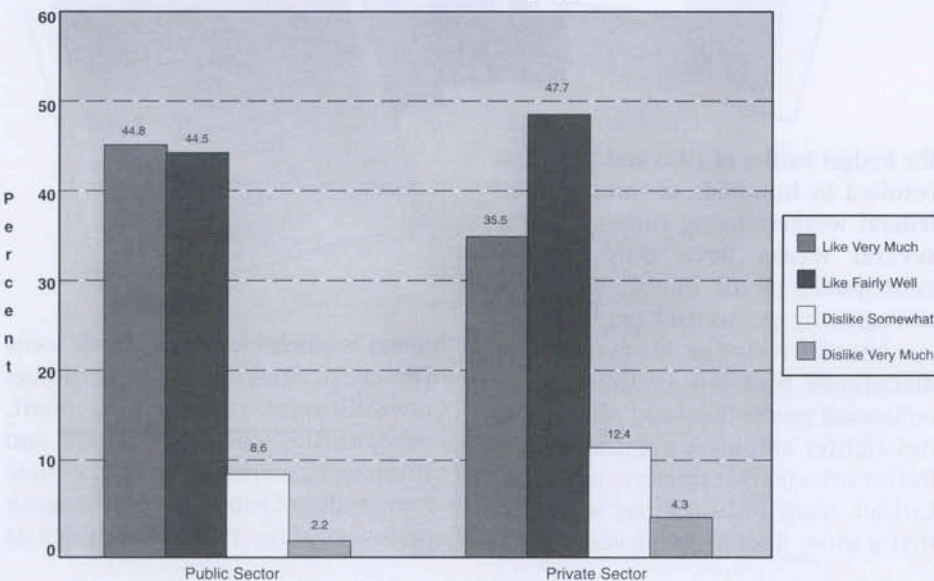
Monetary and nonmonetary rewards are important characteristics of any employment experience. Previous studies have found that while job satisfaction has many facets, satisfaction with the monetary compensation is one of the most important predictors. These rewards entice prospective employees and, later, promote the retention of their services. Studies have found that financial rewards and promotion possibilities contribute

significantly to job satisfaction across different occupation groups. In addition, the availability of fringe benefits, such as vacation time, is another mechanism for rewarding a person for their service to the organization. Benefit packages may be even more important in the public sector since wages generally compare unfavorably with similar private sector jobs. A properly designed employee benefit package can be effective for attracting, motivating, satisfying and retaining public-sector employees. The opportunity for promotion has also been found to be an important determinant of job satisfaction. Lastly, employees are going to feel more satisfied with their job if they have a strong sense that it will continue without interruption. Research has documented that job security is significantly more important than many of the job characteristic variables.

The second category of variables involve job characteristics or the nature of the task that an employee performs. As some of the motivational literature suggests, work is an important mechanism for developing the human potential. People generally need and like jobs which make use of their talents, knowledge, and abilities. Workers who perform tasks that are high on attributes such as skill variety, job significance, autonomy, and feedback from the job, experience greater levels of job satisfaction than workers who perform jobs low on such items. Employees who regularly perform the same task are likely to feel unchallenged and unsatisfied. Similarly, self-expression has been linked to higher levels of job satisfaction.

The third set of variables are work environment characteristics. A large body of research has shown that the work environment can have a positive effect on a worker's job satisfaction. There is little doubt that workers can be heavily impacted by the office surroundings and atmosphere and their relations with co-workers. Similarly, one can not underestimate the importance of positive relations that an employee has with their supervisor. There is growing awareness in the literature of the relationship between

Figure 1:  
Job Satisfaction Ratings Among  
Public-and Private-Sector Employees





supervisor characteristics and levels of job satisfaction, especially as it relates to how the supervisor offers feedback on employee performance. In general, people who have positive perceptions of the job environment and relate well with their fellow employees and supervisor display higher levels of job satisfaction than those workers with negative perceptions of both.

The last set of variables found in the model are the personal characteristics of the employee. Attributes such as gender, age, race, and educational attainment have been studied in relation to job satisfaction. The findings regarding gender differences, however, are inconsistent. Most recent research suggest that no clear differences exist in the job satisfaction levels of men and women. However, further research does point out that women with combined family and economic responsibilities require particular characteristics of jobs more than their male counterparts. Working women with family responsibilities respond more favorably than men to jobs that do not make excessive demands in terms of hours, overtime, commute and physical effort. Two theories have been put forth with regard to the influence of age on job satisfaction. The first view is that the relationship is best represented by a U-shaped curve. Satisfaction decreases initially and then increases with age. This may be a reflection of turnover, with unsatisfied employees leaving their positions to find more satisfying employment. The second view, well-documented in the literature, is that job satisfaction increases with age. Older employees may be better able to adjust their expectations to the returns the work can provide. As for the influence of education on job satisfaction, research has found that education may have negative effects, with a higher level of formal education contributing to reduced levels of job satisfaction.

While the literature is vast, very little research has explored the extent to which there may be differences between public- and private-sector employees. And given that the reward system in the public sector systematically differs from that of the

private sector (in terms of pay, benefits and psychic value), it seems likely that studies of satisfaction levels among private-sector employees may not be applicable to public-sector employees. However, a direct comparison of the differences between the two sectors may yield a better understanding of the public sector and how we can better manage these professionals.

CURRENT RESEARCH ON PUBLIC AND PRIVATE SECTOR EMPLOYEES

In an effort to broaden the literature and assist public-sector human resource professionals, I am currently involved in a large scale project exploring job satisfaction among American workers with a faculty colleague at the University of North Texas. Much of our research relies on the National Longitudinal Surveys of Youth (NLSY), a representative sample of 12,686 men and women collected by The Ohio State University. The panel study, which began in 1979 when the panel respondents were ages 19 through 26, consists of an annual interview examining the actual work experiences, personal characteristics, and job satisfaction levels of these workers. Every four years the survey asks a detailed set of questions related to job satisfaction issues (1984, 1988, 1992). This database allows researchers to examine these workers as they progress through their careers. The first piece of this project, an examination of differences in job satisfaction among public- and private-sector employees, will be published later in 1996 in the American Review of Public Administration.

While the first project uses the 1984 survey results (participants were between 24 and 31 years old), subsequent projects will add data from 1988 and 1992 to the analysis. The survey respondents in the 1984 NLSY were asked how much they like their current job (like very much; like fairly well; dislike somewhat; dislike very much). As Figure 1 indicates, 44.8% (477) of the public-sector employees reported that they like their job very much, compared with only 35.5% employees in the private sector. Roughly 16% of private sector workers reported that disliked their jobs to some

Table 1: Correlates with Job Satisfaction Among Public and Private Sector Employees

Independent Variable	Observed Relationship	
	Private	Public
Highest Grade Completed	-	ns
Marital Status	ns	+
Pay is Good?	+	ns
Actual Income Earned	ns	-
Can Do What Does Best?	+	+
Experience Valuable?	+	ns
Job Has Variety?	+	ns
Pleasant Surroundings?	+	+
Friendly Co-workers?	+	+
Develop Friendships?	+	ns
Job Meaningful?	+	+
Supervisor Competent?	ns	+
Length of Time on Job?	+	ns

Key: + positive relationship found  
 - negative relationship found  
 ns variable not significant

degree. This compares with the approximately 10% of the public-sector employees who claimed that they disliked their jobs to some degree.

To understand what factors contribute to job satisfaction for these workers, we explored how different characteristics might be correlated with a worker's job satisfaction. We used questions related to monetary and nonmonetary rewards, work environment characteristics, job characteristics, and personal characteristics.

The results, shown in Table 1, indicate some similarities and differences between the public and private sectors. Several of the items studied were found to be statistically important predictors of job satisfaction among both sets of employees. They are (1) doing what one does best, (2) working in pleasant surroundings, (3) having friendly co-workers, and (4) a job that is meaningful in the broader context. The implication from the research is that regardless of one's employment sector, there are certain characteristics that are important determinants of positive job satisfaction. This substantiates previous findings that employees generally want a job that



utilizes their talents and is somehow meaningful. The notion that people want to believe their job is meaningful may be increasingly important as both the public and private sectors try to attract and retain talented young employees. This research also substantiates the finding that employees desire a pleasant working environment and good relations with co-workers. While an organization may have a harder time establishing good co-worker relations, it can do a great deal in providing a good working environment.

The research also indicates several important differences between public- and private-sector employees. For private-sector employees, several variables besides those mentioned above were found to be statistically related to job satisfaction levels. As Table 1 indicates, educational attainment, perception of pay, job variety, belief that the experience is valuable, the ability to develop friendships, and length of time in a job are also important determinants of job satisfaction. Worker's perceptions regarding their pay, along with whether they felt the job had variety, and they were gaining valuable experience and making friendships were all positively linked to job satisfaction. The results also suggest a negative relationship between education and job satisfaction, which lends support for the notion that people with higher average education may be more easily frustrated and unsatisfied performing many of the simpler tasks required in their jobs, especially early in their careers when they would rather be conquering the world and leaping tall buildings.

Among the public sector employees, the additional variables found to be statistically important dealt with perceptions about supervisor competency, marital status, and actual income earned. The first two variables were positively related to levels of job satisfaction, indicating that positive opinions of your supervisor and being married were correlated with higher levels of job satisfaction. The third variable, actual income earned, had a negative correlation suggesting that as income in dollars rose, levels of job satisfaction decreased. Although difficult to interpret, since this is actual income and not the comparative perception of income, this may be a result of increased responsibility and frustration

that accompanies gains in salary and rank for public-sector employees.

#### CONCLUSION AND IMPLICATIONS

The findings from this research seem to fall in two directions. Several of the worker and job characteristics appear to have similar impacts among both public- and private-sector employees. All workers generally seem to want a job that is important to them and society in general, a pleasant work atmosphere, friendly co-workers and task variety. While both sets of workers exhibited many similarities, they did have some clear differences. It seems that increased education has a much greater negative impact on private sector employees. As mentioned previously, this may be the result of higher differential levels between expectations and realities for younger, private-sector employees in rather unchallenging positions. The perception that pay is satisfactory was an important positive correlate with job satisfaction for private sector employees, while the actual level of income is an important negative aspect of job satisfaction among the public employees.

In the final analysis, there are obvious differences between the determinants of job satisfaction in the public and private sector. While several of the variables performed in similar fashion in both equations, a large number operated in different ways.

So what are the implications for public- and private-sector managers from these findings? First and foremost, all managers, but especially those in the public sector, need to be able to identify the factors that determine job satisfaction in younger employees so that appropriate personnel policies can be implemented to retain and attract the best and the brightest workers. Approaches to employee empowerment and quality management being experimented with may be consistent with employee's desires to have jobs that promote self-expression and personal fulfillment. As well, it may be important for managers to experiment further with programs such as job rotation and job enhancement, which offer employees more job variety and skills enhancement. Both of these areas were identified as important variables among the private sector employees. New

approaches to flex-time, telecommuting, and home office allowances may also be effective approaches to increasing employee satisfaction. Finally, there is little doubt that public service is not held in high esteem by most of our country's best and brightest students. As pointed out by the National Commission on the Public Service (the Volcker Commission), just about five percent of college honor society students ranked government employment as their "most preferred employer," compared to 34 percent for large corporations. We must do a credible job of convincing these potential workers of the importance and significance of serving their fellow man through the public service. This may also point out the significance of efforts by the Clinton Administration and local initiatives such as Boston's City Year and the District of Columbia Service Corps that are aimed at tapping into the idealism of youth.

Unfortunately, given the large-scale corporate and public sector restructuring in today's environment, fostering a positive work environment may be harder than ever. The most important needs for all managers remains that we must understand and appreciate that different workers are motivated by different things. Understanding the people in the organization—their desires, needs, and aspirations—can be an effective technique for developing the entire personnel package with some degree of flexibility.



Victor S. Desantis is  
Assistant Professor of Political Science.