Is Something Missing from Your Company's Satisfaction Package?

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**eCommons Citation**  
Archambeault, Deborah S.; Burgess, Richard; and Davis, Stan, "Is Something Missing from Your Company's Satisfaction Package?" (2009). *Accounting Faculty Publications*. 52.  
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Is something missing from your company’s satisfaction package?
Conventional wisdom suggests that, salary, benefits, and other monetary factors are important aspects of keeping employees satisfied. But which factors have the biggest impact on overall satisfaction? While companies focus on the monetary factors, there are other components of the overall “satisfaction package,” that are just as important, yet often overlooked.

By Deborah Archambeault, Christopher M. Burgess and Stan Davis
In fact, studies show that while adequate pay and other monetary benefits are necessary components of employee satisfaction, they are not the only determinants in maintaining a satisfied workforce. What we have learned over the past 12 years from working with small to medium-sized organizations is that employers often focus on monetary solutions, but overlook low cost or no cost opportunities to increase employee satisfaction. The suggestions that follow are just some of the possibilities companies can implement to increase overall employee satisfaction.

**Importance of factors in the “satisfaction package”**

The overall menu of factors that contribute to employee satisfaction, hereafter referred to as the “satisfaction package,” include monetary factors and non-monetary factors. Monetary factors are the typical components of the employee compensation package that directly affect the employee’s pocketbook – e.g., salary, bonus, retirement plan, and benefit package. Non-monetary factors are items that do not directly affect the employee’s net worth, and include factors such as trust, communication, recognition, challenging work, and personal growth.

As part of our work with companies that want to improve their performance measurement systems, we survey employees at the beginning of each engagement and ask them to rate how important various “reward/benefit” items are to them. The results demonstrate an incredibly high level of consistency from company to company on what factors employees consider most important. Table 1 presents a rank order of these select factors from surveys conducted on employees from many different organizations, ranked from most to least important.

In Table 1, non-monetary factors were ranked as high as or higher than many monetary factors. Of particular interest is the fact that two communication-related factors – “receiving positive comments from supervisors” and “being able to present ideas to management” – are rated as being more important than several costly items such as cash bonuses, educational programs, parties, and time off.

**Factors that affect satisfaction**

As the data in Table 1 shows, monetary factors do matter. Fortunately, so do the non-monetary factors. As part of our initial engagement survey, we ask employees to give us feedback on their satisfaction with a variety of individual “satisfaction package” factors in their current job, as well as an assessment of their overall job satisfaction. Three factors that have proven to have a strong impact on overall employee satisfaction are pay, fairness perceptions, and communication (e.g., the degree to which employees are satisfied with the level and frequency of communication within their organization). While that list of three factors is certainly not exhaustive, focusing on these three factors will demonstrate how the two non-monetary factors can be used to achieve a higher level of employee satisfaction without any changes to the monetary factors. Using these three factors, we will next present a brief analysis that illustrates how overall satisfaction levels are a function of more than just how satisfied employees are with their pay package.

It stands to reason that employees who are highly satisfied with all three of these factors would naturally be expected to have higher overall job satisfaction. From our surveys, employees that fit this description (e.g., high satisfaction ratings for pay,
communication, and fairness) had an overall satisfaction rating of 6.75 on a seven-point scale, where seven is the most satisfied. This is the most satisfied group of employees, as expected. As discussed earlier, however, the problem is that achieving high levels of pay satisfaction may simply not be feasible for the organization.

Employees value fairness, open communication channels, and a solid monetary package.

What may be surprising, however, is that a high overall satisfaction rating is not solely dependent on achieving high levels of pay satisfaction. We have found that even with lower levels of pay satisfaction, when employees perceive that management is dealing fairly with them and they are satisfied with how management communicates with them, overall satisfaction levels are still very high (6.41). In fact, as Table 2 illustrates, fairness perceptions and openly communicating with employees can be just as effective in generating higher levels of overall satisfaction when compared to high levels of pay satisfaction. For example, employees who were highly satisfied with communication, but have lower satisfaction with pay, scored higher (6.41) than employees with high satisfaction with pay and lower satisfaction with communication (6.22).

Various combinations of these satisfaction package components produce different levels of job satisfaction, but the point is clear: employees care about more than just their pay. Please keep in mind that your satisfaction package can and should focus on many more factors than just these three factors, but these factors have proven to be particularly powerful in their impact on overall satisfaction, and serve as an illustration as to the role non-monetary factors play in overall employee satisfaction.

Organizational strategies

If you feel your organization can benefit from improved satisfaction levels, try the following simple steps:

- Recognize employees for a job well done – both in front of their peers (if possible) and in a one-on-one setting.
- Solicit employee feedback on ways to improve. When possible, implement employee ideas. When not possible, take time to explain why.
- Correct the perception of favouritism among managers (a morale killer and frequent employee complaint) when it comes to promotions, raises, and assignments by establishing clear objective measures and discussing the measures with each employee from the beginning.
- Be as open as possible when faced with difficult and unpopular decisions by sharing the rationale for the decision. In time, employees will learn to trust your judgment knowing you have made the fairest decision possible under the circumstances.

Employees value fairness, open communication channels, and a solid monetary package. As the data shows, two of these factors can be improved with little or no additional expense to the organization. With just a little effort and empathy (and maybe some training), first-line and mid-level managers can have a remarkable impact on how satisfied their employees are. By clearly laying out processes (and following them) and being as transparent as possible in communications, managers build a level of trust with their employees that can melt away the built-up frustration that grows from years of small raises, vague communications, and unexplained or unfair decisions.

Table 2

Pay, fairness, and communication vs. Job satisfaction

Job satisfaction measured on a seven-point scale with seven = "Highly Satisfied" (■ = High Satisfaction, □ = Low Satisfaction)

<table>
<thead>
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<th>Fairness Perceptions</th>
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<th>Overall Job Satisfaction</th>
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