

- ▶ “Engagement” is the hot buzzword for human resources, but it has little meaning for employees who face ongoing job insecurity, falling real wages and benefit cuts.

Building on sand

DATA BANK | Research & analysis by Fay Hansen

Engagement” is a psychological state in which employees feel a vested interest in the company’s success and are motivated to perform at levels that exceed the stated job requirements, according to the consulting firm Mercer. But the material prerequisites for this psychological state simply don’t exist. Job insecurity, falling real wages and benefit cuts have continued despite rising profits and a substantial rebound in CEO pay.

Real average hourly earnings for private sector employees dropped 1.5 percent from June 2010 to June 2011. And another bad year may lie ahead. Employers project a median salary budget increase of 3 percent for 2012, according to the Conference Board, a not-for-profit research organization. That’s the same projection as for 2011 and 2010, but employers then shaved spending and delivered less.

Nine out of 10 Americans who currently have a job are not expecting a pay raise, according to a June survey of more than 5,000 employees by American Pulse Surveys. With no increase in disposable income, 70.5 percent of respondents said that they plan to limit their spending to necessities.

“Base pay is the most important element of the employment deal, by a wide margin, but U.S. workers show lower satisfaction with base pay,” according to Mercer. “Employees see a ‘disconnect’ between what employers are promising and what they are delivering.”

According to the Pew Research Center, a nonpartisan think tank, more than half of employees believe they are likely to face pay cuts, benefit cuts or job loss. Moreover, 8 out of 10 employees in the survey report that jobs in their area are hard to find. **wfm**

ENGAGEMENT

Percentage of U.S. employees reporting attitudes toward their job, 2011.

Are satisfied with health benefits	59%
Company is well-managed	54
Satisfied with base pay	53
Management adequately links pay to performance	46
Promotions go to most qualified employees	42
Are satisfied with employer assistance for retirement	41
Seriously considering leaving current job	32
Employees age 24 and younger	44
Employees age 25-34	40
Not considering leaving, but have negative view of employer	21

Note: Survey of 2,400 U.S. employees.

Source: Mercer [JobAttitudes](#)

JOB INSECURITY

Percentage of employed adults reporting views of their job and local labor market, June 2011.

Jobs in my area are difficult to find	79%
Likely that I will face a pay or benefits cut or job loss	55
Likely that my health benefits will be reduced or eliminated	27
Likely that my pay will be cut	26
A year from now:	
Economy will be same/worse	69%
My finances will be fair/poor	61
Economy today is:	
Poor	46%
Only fair	45

Note: Survey of 1,500 adults.

Source: Pew Research Center [JobSecurity](#)

ENGAGEMENT AND RECOGNITION

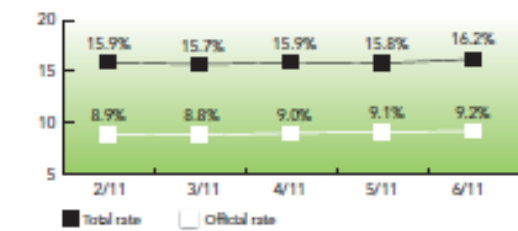
Percentage of human resources professionals reporting on their organization’s engagement and recognition programs, May 2011.

Engagement tracked through exit interviews	71%
Engagement is the most important HR challenge over the next 3 to 5 years	69
Rewards are based on job performance	56
Employees are satisfied with recognition they receive	31
Organization tracks return on investment of recognition programs	13

Note: Survey of HR professionals at 745 organizations, 90 percent with 500 or more employees.

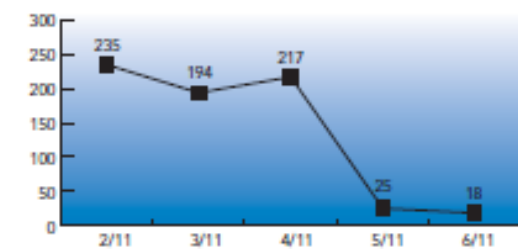
Source: Society for Human Resource Management [SHRM.org](#)

UNEMPLOYMENT



*Total unemployment is officially unemployed plus discouraged workers and involuntary part-timers.
Source: U.S. Bureau of Labor Statistics ([Bls.gov](#))

JOB GROWTH



Note: Numbers in thousands
Source: U.S. Bureau of Labor Statistics ([Bls.gov](#))

METROPOLITAN UNEMPLOYMENT

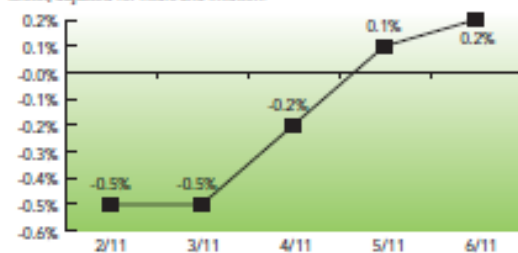
Unemployment rates in select metropolitan areas, not seasonally adjusted.

	May 2010	May 2011
Atlanta	9.8%	9.7%
Boston	7.6	6.6
Chicago	10.3	9.5
Cleveland	9.1	7.7
Dallas	8.0	7.9
Detroit	13.4	11.6
Las Vegas	14.9	12.4
Los Angeles	11.5	11.1
Miami	11.0	11.4
Milwaukee	8.8	8.0
New York	9.3	8.6
Philadelphia	9.0	8.4
Seattle	9.1	8.5
San Francisco	10.0	9.3
St. Louis	9.4	8.6
Washington	6.1	5.7

Source: U.S. Bureau of Labor Statistics ([Bls.gov](#))

REAL WEEKLY EARNINGS

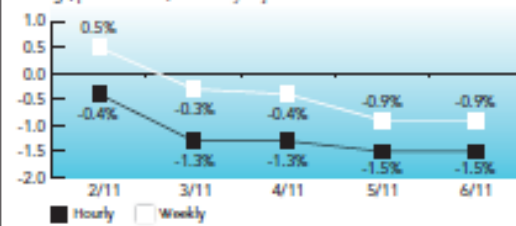
Percentage change in average weekly earnings from previous month, private sector, adjusted for hours and inflation.



Source: U.S. Bureau of Labor Statistics ([Bls.gov](#))

REAL EARNINGS

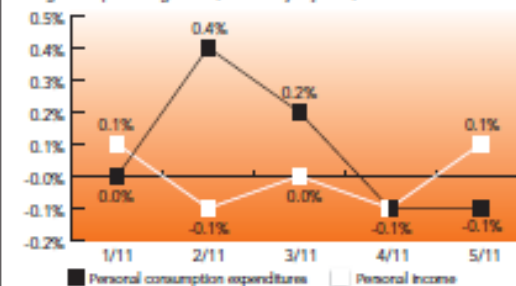
Year-over-year percentage change in real average hourly and weekly earnings, private sector, seasonally adjusted.



Source: U.S. Bureau of Labor Statistics ([Bls.gov](#))

INCOME AND CONSUMPTION

Personal income and personal consumption expenditures, percentage change from preceding month, seasonally adjusted, chained 2005 dollars.



Source: U.S. Bureau of Economic Analysis ([Bea.gov](#))

CONSUMER SPENDING

Percentage of respondents reporting how they will adjust their spending to account for stagnant income and higher prices, June 2011.

Only buying necessities	70.5%
Driving less	63.4
Spending less on clothing	58.9
Comparison shopping	53.1
Sticking to a strict budget	50.0
Buying more store brand/generic products	49.9
Spending less on groceries	42.0
Nothing	6.6

Note: American Pulse Survey of more than 5,000 adults.

Source: Highlight ([highlight.com](#))

CAREER ADVANCEMENT

Percentage of professional employees reporting compensation as top reason for seeking advancement, by generation and sex, November 2010.

Generation Y	73%
Generation X	67
Baby boomers	58
Women	65
Men	67

JOB DISSATISFACTION

Percentage dissatisfied with job because of low compensation, by generation and sex, November 2010.

Generation Y	52%
Generation X	44
Baby boomers	39
Women	47
Men	44

Note: Global survey of 1,400 professional employees.

Source: Accenture ([accenture.com](#))