

Job Satisfaction of Recent Graduates in Financial Services

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In a survey on job satisfaction among recent college graduates in financial planning, respondents were asked to rank such factors as realization of expectations, company support, attitude, relationships with coworkers, and pay; the results, which indicate that these workers are reasonably satisfied with their jobs, support a "bottom-up" theory in which individuals sum up the positive and negative factors related to their jobs and decide how satisfied they are on that basis.

To learn about the job satisfaction of recent financial planning graduates of a large university in the Midwest, the authors developed a survey on job satisfaction and work experience. The survey was designed to serve three purposes: First, it was assumed that information on job satisfaction of recent financial planning graduates would benefit the financial services industry. Second, the information from a university with an established program could serve as a benchmark for other educational programs in financial planning. Third, the information could be used to improve the curriculum at the university.

Two social theories compete to explain what determines job satisfaction: the "bottom-up theory" and the "top-down" theory. The bottom-up theory basically states that individuals have needs and that they will be happy if their needs are satisfied. The sum of positive and negative effects is used to determine happiness. If the positive effects are greater than the negative effects, individuals will judge their life as happy. In contrast, top-down theory states that there is "a global propensity to experience things in a positive way." In other words, all individuals have a desire to be happy and this attitude will be the major influence on their lives. Thus, feelings about job satisfaction are generated in one of two ways: from the bottom up by adding positive effects and subtracting negative ones, or from the top down by the diffusion of one's desire to be happy.¹

Abraham H. Maslow's hierarchical model of human needs can be used to identify the factors affecting job satisfaction. The model states that individuals experience a hierarchy of needs, from lower level to higher level psychological needs.² Maslow's model can be used by individuals to develop a sense of satisfaction in their jobs if they utilize a bottom-up perspective on job satisfaction. Safety is an example of a lower level need; it helps explain the effects of job security and pay on job satisfaction.

Moving up the hierarchy, it can be observed that individuals also have social needs—for affection, belonging, and acceptance. These needs affect the way that individuals interact with their coworkers and management. The highest need in Maslow's hierarchical model is *self-actualization*. Self-actualization and self-esteem are related to the sense of inner reward that some individuals experience when doing their work. In addition, self-actualization is believed to be one of the principal factors motivating people toward self-employment.

Some empirical evidence exists for the bottom-up theory. A study by Alfonso and Andres Sousa-Poza, for example, suggests that job satisfaction is determined by finding a balance between work-role inputs and outputs.³ Examples of work-role inputs include the worker's level of education, the number of hours worked, and the type of occupation for which the worker was trained. Examples of work-role outputs are the amount of total compensation received, the level of perceived job security, the opportunities for advancement, the extent to which the job and work are interesting, the amount of independence and self-direction in the work, the benefits of the work to people and society, and the quality of the relations workers have with their colleagues and management. The Sousa-Poza study found that "having an interesting job" and "having good relations with management" explained the largest proportion of variance in job satisfaction.

Previous Research

Demographic factors. Studies have shown that age, gender, race, and education have important effects on job satisfaction. Older workers, for example, are more likely to be satisfied than younger workers,⁴ and non-Hispanic white workers are more likely to be satisfied than minority workers.⁵ However, the effects of gender on job satisfaction vary with the level at which an

individual works. A study by H. Jack Shapiro and Louis W. Stern, for example, found that professional women such as clinical psychologists, social workers, and medical workers experienced lower levels of job satisfaction than their male counterparts.⁶ Among nonprofessionals, on the other hand, the reverse was true.

These differing results for job satisfaction among men and women depending on their occupational level are supported in a study by Philip E. Varca, Garnett S. Shaffer, and Cynthia D. McCauley, who examined job satisfaction among alumni 5 years after they had graduated from college.⁷ The authors found that at higher occupational levels men expressed more satisfaction than women in terms of pay and opportunities for advancement. In addition, Charlotte Chiu found that female lawyers had significantly lower job satisfaction than male lawyers, and that the reason for the difference was that women feel they have fewer opportunities for promotion than men.⁸

Work-related factors. Factors that differentiate the work place also are likely to play a definite role in job satisfaction among workers. For example, Joanne Miller found that job satisfaction was greater among workers in jobs that were more secure and highly paid.⁹ Other influential factors include whether the individual worked full or part time, and whether they worked for themselves (self-employed) or for someone else.

Another important component of job satisfaction is the worker's attitude toward the job. The intrinsic rewards of a job--such as a sense of control over one's work and a feeling of accomplishment--are important determinants of job satisfaction. More complex jobs generally are more mentally challenging, and when workers have various autonomous tasks in their jobs, they tend to have more of a sense of control. Previous studies have shown that job satisfaction is negatively related to the performance of routine tasks, and also that job satisfaction is positively related to the performance of more complex and autonomous tasks.¹⁰

Several studies take a social approach to job satisfaction, examining the influence of supervision, management, and coworker social support. An individual's level of job satisfaction might be a function of personal characteristics and the characteristics of the groups to which she or he belongs.¹¹ The social context of work is likely to have a significant impact on a worker's attitude and behavior.¹² Relationships with both coworkers and supervisors are important. Some studies have shown that the better the relationship, the greater the level of job satisfaction.¹³

Studies in the field of consumer satisfaction have shown that consumers experience more satisfaction with a product or service if their expectations are congruent with the experience itself.¹⁴ Applying this concept to the work experience suggests that job satisfaction will be determined by a comparison of one's prior expectations about the job to one's actual experience on the job.

After reviewing the research on job satisfaction, the authors decided that a model of job satisfaction in the financial services industry should consist of work-related factors such as attitude, interaction with coworkers and management, pay level, and congruency with expectations. In addition to these factors, they thought that gender should be included as well. Finally, it was decided that the model of job satisfaction that best fit the purposes of the study reflected a bottom-up approach. The next step was to develop a survey measuring these aspects of job satisfaction.

Method

Survey instrument. In their search for questionnaires used in previous studies on this topic, the authors located a study by James M. Comer, Karen A. Machleit, and Rosemary Lagace on job satisfaction of industrial salespersons that used a model much like the one they had proposed for the present study.¹⁵ The aspects of job satisfaction measured in this study were attitude to the job, relations with fellow workers, supervision, company policy and support, pay, promotion and advancement, and customers.

In the study by Comer and others, the statistical reliability of the measures ranged from an alpha of 0.77 to one of 0.87. The alpha value measures how reliably or consistently a scale or index predicts the item being studied. Experts suggest that the alpha should be 0.70 or greater, which those in the Comer study exceeded easily.¹⁶ Most of the scales in the present survey were adapted from the Comer study as well. Minor changes in the wording of some items were made to make them more

appropriate for a study on graduates in financial planning. In addition, measures for stress and job security were developed for this study because such measures were not found in previous research.¹⁷

Data collection. The authors asked the university development office to provide contact information for all graduates since the financial planning curriculum was started in the mid-1980s. They provided a list of 624 names and addresses. The Dillman method for mailed surveys was used.¹⁸ A cover letter and survey were mailed, and three weeks later, a follow-up letter and a second copy of the survey were sent. The purpose in conducting a second mailing is to improve the response rate. The first mailing was sent in mid-November 2001, and the second mailing was sent the first week of December 2001.

Sample. Among the 624 survey questionnaires mailed, 25 were returned because of out-of-date addresses. Of the remaining 599 questionnaires, 211 usable responses were received, for a final response rate of 35 percent. Twenty-six graduates of the 211 who responded were not currently working. Of the 185 who were working, 53 percent were in the financial services field and 35 percent were working in other careers such as information technology, education, sales, services, and so forth.

Graduates were asked to indicate whether they worked in financial planning, financial counseling or other careers in financial services. Of the 111 who were in financial services, 26 percent were financial planners, 5 percent were financial counselors, and 69 percent were in a variety of other fields. Of those working in other fields, the largest number were working in investment firms, followed in order by banking, insurance firms, pension and retirement planning services, accounting and tax, and real estate. Sixty percent worked for firms with 500 or more employees in their total work force.

Demographics. The 111 graduates who were working in financial services were relatively young, with more than two-thirds (68 percent) younger than 35. In addition, a little more than half were women (57 percent), and nearly three-quarters (73 percent) were married. About two-thirds of those who were married had a spouse working full time, and 14 percent had a spouse working part time. Because the amount of personal income is often left unanswered on surveys, this survey asked, "What is your annual *household* income?" The results were as follows: 14 percent received less than \$50,000 per year, 36 percent received between \$50,000 and \$100,000 per year, 29 percent received between \$100,000 and \$150,000 per year, and 21 percent received more than \$150,000 per year.

Measurement. The responses to the statements about job satisfaction could range from 1.0, Strongly Disagree, to 7.0, Strongly Agree. The responses were summed and averaged because there were different numbers of questions in the sections of the survey. If the questions were stated from a negative perspective, they were reverse scored.

The four original statements from the study by Comer and others were used to measure Attitude toward the job.¹⁹ The average score for the Attitude scale was 5.83, and the median was 6.0. The following statements were given to the respondents to measure their Attitude toward the job:

- My work gives me a sense of accomplishment
- My job is exciting
- My work is satisfying
- I'm really doing something worthwhile in my job.

The section on Pay included statements adapted from the Comer study.²⁰ The average score for the scale on Pay was 4.61 out of 7.0, with a median of 4.66. The respondents were given the following statements regarding pay:

- My pay is low compared with what others get for similar work. (Reverse coded.)
- I am highly paid.
- In my opinion, my pay is lower than those with a similar education and work background. (Reverse coded.)

The section on Stress included the following statements²¹:

- My job is stressful.
- My job often requires me to work extra hours.

The average score for Stress section was 5.19 out of 7.0, and the median was 5.5.

The statements on Job Security were developed for this study.²² The average score for Job Security was 5.30 out of 7.0, and the median was 5.66. The statements were as follows:

- My job provides me with a good sense of security.
- My job is stable.
- I worry about losing my job. (Reverse coded.)

The section on Fellow Workers included original statements from the Comer study.²³ The average score for this scale on Fellow Workers was 5.60 out of 7.0, and the median was 6.0. The statements were as follows:

- My fellow workers are selfish. (Reverse coded.)
- The people I work with are very friendly.
- The people I work with help each other out when someone falls behind or gets in a tight spot.
- My fellow workers are pleasant.

The section on Company Policy and Support included statements adapted from the Comer study.²⁴ The average score for Company Policy and Support was 4.86 out of 7.0, and the median was 5.0. The statements were as follows:

- Management is progressive.
- Top management really knows its job.
- The company operates efficiently and smoothly.
- Employees in my company receive good support from top management.

The section on Promotion included original statements from the Comer study.²⁵ The average score for Promotion was 4.7 out of 7.0, and the median was 4.63. The statements were as follows:

- My opportunities for advancement are limited. (Reverse coded.)
- I have a good chance for promotion.
- My company has an unfair promotion policy. (Reverse coded.)
- There are plenty of good jobs in my company for those who want to get ahead.

The section on Realization of Expectation includes only one statement: "Overall, compared with what I expected, my current job is (1.0, much worse than expected, to 7.0, much better than expected)." The average score was 5.16 out of 7.0, and the median was 5.0. Table 1 presents the measures of these job related variables.

Results Of Regression On Job Satisfaction

After coding the responses and examining the average scores for each aspect of the job, an Ordinary Least Squares (OLS) regression was conducted, using job satisfaction as the dependent variable. A multivariate regression allows the investigator to assess the relationship between a dependent variable (job satisfaction) and several independent variables, such as demographics and work-related factors.²⁶

Statements were developed by the authors to measure the dependent variable, job satisfaction.²⁷ The responses could range from 1, extremely dissatisfied, to 7, extremely satisfied. The average score was 5.71 out of 7, and the median was 6.0. The statements are as follows:

- Considering my job as a *whole*, I am _____ with my current job.
- How satisfied are you in your current main job?

The results of the multivariate regression on job satisfaction are shown in Table 2. The results show that realization of expectation, company support, attitude, relations with fellow workers, pay, and gender were significant determinants of job satisfaction. Four factors in the regression analysis were not significantly related to job satisfaction: job security, opportunity for promotion, age of the graduate, and stress.

Realization of Expectation was a highly significant predictor of job satisfaction. The results suggest that if graduates obtain positions that are consistent with their expectations, they will be more satisfied, all other factors being equal. The results support the recommendations to graduates and other job seekers to find a position that is the "best fit." Furthermore, it emphasizes the importance of planning for career mobility.

Graduates should continue to increase their skills and gain experience if they are working in a position that is not their desired position. Recent graduates often realize that their first or second job is not exactly what they wanted, but if they improve their skills and seek additional opportunities, they generally are more likely to realize their expectations. The results also support the consumer satisfaction research that compares the expectations of an experience with the experience itself. Satisfaction is greater if there is congruency between the expectation and the experience.²⁸

Attitude toward the job was another highly significant predictor of job satisfaction. The results of the survey were similar to those of previous research showing that having a sense of control, a feeling of accomplishment, and a complex job contribute to an individual's positive attitude toward the job.²⁹ This supports the bottom-up theory in which the individual is assumed to measure work role outputs and sum up the positive and negative factors to determine whether he or she is happy.

The positive results for Company Support and relations with Fellow Workers reinforce both the bottom-up theory and Maslow's model of hierarchical needs.³⁰ Each of these results was consistent with previous research.³¹ Further, the results emphasize to employers and students how much workers value both the support of management and having good relationships with their fellow workers.

As expected, Pay was an important determinant of job satisfaction. This supports previous research, such as the study by Joanne Miller cited earlier.³² However, it is important to note that the statements that measure pay focus on the individual's pay relative to others and relative to the demands of the job. The value for Pay was not a measure of the amount that the individual is paid. For example, M. Fritz called attention to the fact that 85 percent of planners reported earning less than \$150,000 before taxes.³³

As shown in Table 2, the parameter estimate for "male" was negative, indicating that compared with female graduates, male graduates were less satisfied with their jobs in financial services. This result was somewhat surprising because previous research has shown that male professionals were more satisfied than female professionals. It would be interesting to replicate the survey with recent graduates in other professional occupations to see if the results for gender are similar to those reported here.

In summary, the average of 5.71 on a 7-point scale indicates that the graduates were fairly "satisfied," with their jobs, although they were not "extremely satisfied." Overall, there was support for the bottom-up theory of job satisfaction. In essence, individuals sum up the positive and negative factors and decide whether they are satisfied.

The survey also included questions on the importance of various skills needed in their jobs, the rating of college courses, and open-ended questions asking for suggestions for changes in the curriculum. Graduates rated verbal communication as the most important skill in performing their job, but the scores on other skills such as quantitative skills and analytical thinking were very close. A course in investments was rated as the most useful course, followed closely by courses in retirement planning and employee benefits, and risk management. Many graduates suggested that additional course work in marketing would be helpful, and that students should participate in internships and attempt to learn as much as possible about the opportunities in the financial services industry before graduating.

Finally, the survey was designed to be a broad measurement of job satisfaction. There may be some constructs relative to job satisfaction that should have been included, but were omitted because there was a lack of previous research on that topic. Future research should consider if there are other measures of satisfaction that need to be included.

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Notes

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Table 1. Measures of Job Related Variables(1)

Variable	Number of items	Reliability alpha	Mean	Standard deviation
Attitude toward the job	4	0.91	5.83	1.14
Pay	3	0.86	4.61	1.53
Stress	2	0.76	5.19	1.32
Job security	3	0.87	5.3	1.34
Fellow workers	4	0.9	5.6	1.03
Company support	4	0.9	4.87	1.34
Promotion	4	0.86	4.7	1.4

Footnotes:
 (1) All items were measured on a 7-point scale from 1, Strongly disagree, to 7, Strongly agree.

Table 2. Ordinary Least Squares Regression on Job Satisfaction of Financial Planning Graduates(1)

Variables	Estimate	Standard Error	P-value
Intercept	0.3388	0.587	0.5654
Age > 35	-0.1107	0.1793	0.5387
Male	-0.524	0.172	**0.0031
Attitude toward the job	0.0949	0.0366	*0.0112
Pay	0.1262	0.0613	*0.0426

Footnotes:
 (1) Survey conducted in November-December 2001 at a large university in the Midwest. R-squared = 0.69
 (*) p < .05
 (**) p < .01
 (***) p < .001

Variables	Estimate	Standard Error	P-value
Stress	0.0075	0.0623	0.9048
Job security	-0.0496	0.0719	0.4919
Fellow workers	0.2154	0.0928	*0.0228
Company support	0.2434	0.0762	**0.0020
Promotion	0.0451	0.0679	0.5093
Realization of expectation	0.4032	0.0802	***<0.001

Footnotes:

(1) Survey conducted in November-December 2001 at a large university in the Midwest. R-squared = 0.69

(*) p < .05

(**) p < .01

(***) p < .001