

The tenuous relationship between salary and satisfaction

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ABSTRACT

Inspired by outcome discrepancies in research related to job characteristics, employee characteristics, and satisfaction, this study revisits classic notions of satisfaction of employees within organizations. Using a sample of professionals, the study explores organizational and individual antecedents to satisfaction. Characteristics of the job, perceived psychological states, emotional intelligence, job satisfaction, and life satisfaction are explored. Evidence is presented that both confirms theoretical expectations and disconfirms traditionally held notions of relationship. Specifically, findings support the Job Characteristics Model and its relation to satisfaction, yet data also suggests that increases in salary are directly associated with decreases in satisfaction. Implications and future directions are presented.

Keywords: salary, job satisfaction, life satisfaction, job characteristics model, emotional intelligence

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INTRODUCTION

Employees embarking upon the initial path of their career are likely excited, focused upon the first stages of financial independence, and eager to see what the future brings. Researchers, interested in emotional outcomes related to work and career, have long explored various factors related to satisfaction. For example, research has long suggested that pay and job satisfaction are interrelated [xxx]. In addition, pay level and job satisfaction have been shown to play a role in outcomes such as work motivation (Chiu, 1999) and performance (Judge, Thoresen, Bono, & Patton, 2001). The Job Characteristics Model, as presented by Hackman and Oldham (1974), has shown a strong relationship between the nature of work and job satisfaction. More recently, researchers exploring emotional intelligence (Mayer, DiPaolo, & Salovey, 1990) have found a relationship between EQ and job satisfaction (Abraham, 2000; Chiva & Alegre, 2008). However, changing dynamics in the organizational landscape merit continuing discussion of factors related to employee satisfaction.

Accordingly, the purpose of this present research is to revisit some common relationships while exploring and adding clarification to other potential factors of satisfaction. Specifically, this article explores the antecedents that may contribute to differences in earnings and extends this to explore the relationship between earnings and life satisfaction. This study explores the factors of job characteristics, job satisfaction, emotional intelligence, salary, and overall life satisfaction.

THEORETICAL DEVELOPMENT AND HYPOTHESES

Job Characteristics Model (JCM)

Hackman and Oldham (1974) presents a model of the conditions that lead to employee job satisfaction. Their model holds that characteristics of the job result in psychological states within the employee. These states subsequently influence experienced satisfaction with the job. The five characteristics include skill variety, task identity, task significance, autonomy, and feedback (Hackman and Oldham, 1974). The psychological states experienced by employees include meaningfulness of work, responsibility for work outcomes, and salient knowledge of results. Employees who experienced the psychological states outlined, subsequently experienced general work satisfaction as well.

Several criticisms of the job characteristics model have been raised. Birnbaum, Farh, and Wong (1986) noted that the job characteristics model does not account for objective characteristics, such as salary, that may also affect job perceptions. The five characteristics defined by the model all depend on an employee's subjective interpretations. Moreover, the same authors claim that perceived task significance is not intrinsic to a job. Rather, perceived significance is based upon a comparison of one's own job with the jobs that others hold. Thus, two employees in two different companies doing exactly the same work might rate the work's significance differently based upon their comparisons with the jobs of co-workers.

Other researchers have made criticisms of the job characteristics model that focus on the relationship of the three critical psychological states to both job perceptions and work satisfaction. Fried and Ferris (1987) criticize the weak statistical relationship between the job characteristics and the experienced psychological states. Others, including and Hackman & Oldham (1976) themselves have found a lack of support for the notion that one must experience

the three critical psychological states in order to experience general work satisfaction and other positive outcomes (Arnold & House, 1980).

Nevertheless, there is ample research supporting the viability of the JCM. Several studies show that job enrichment, as informed by the job characteristics model, is positively related to general work satisfaction (Birnbaum, Farh, & Wong, 1986; Fried & Ferris, 1987; Abbas, Ghurmo, Kumar, & Zeeshan, 2012). Additionally, Fried and Ferris (1987) also showed that job feedback is strongly related to general work satisfaction. Finally, in settings in which employees worked more in teams than individually, task variety, task identity, task significance, and feedback were found to be significant positive predictors of job satisfaction (Hunter, 2006). Hence, even as literature is mixed regarding the viability of the JCM, the impact of job characteristics on work satisfaction remains relevant.

H1: Job characteristics (task significance, task variety, task identity, autonomy, and feedback) are positively related to critical psychological states (experienced meaningfulness, responsibility, and knowledge of results).

H2: Critical psychological states (experienced meaningfulness, responsibility, and knowledge of the results) are positively related to job satisfaction.

Job Satisfaction and Salary

The relationship between salary level on worker satisfaction is well established (Herzberg, Mausner, Peterson, & Capwell, 1957), though not without complexity. For example, gender has been shown to influence the relationship between pay and work satisfaction (Hulin & Smith, 1965). Researchers have posited a causal relationship between salary and job satisfaction whereas increased salary results in increased job satisfaction (Beutell & Wittig-Berman, 1999; Igalens and Roussel, 1999). Similarly, it has also been conceptualized that satisfaction results in increased pay. Indeed, Mohanty (2007) found that a positive attitude, which may arise from job satisfaction, among other factors in one's life, helps one earn more money. In either case, job satisfaction and salary are shown to have a general and positive relationship.

H3: Job satisfaction is positively related to salary.

Emotional Intelligence (EQ)

While interest in emotional intelligence has ebbed and flowed in organizational research settings, EQ remains a concept of importance in both research (Ashkanasy & Daus, 2005) and modern management practice (Jain, 2012; Walter, Humphrey, & Cole, 2012). Several similar definitions of emotional intelligence have been advanced. Theorists have conceptualized EQ as “an intersection of mental ability and emotions” where one exerts the ability to perceive emotions, utilize emotions to assist thoughts, understand emotional knowledge, and reflectively regulate emotions towards personal growth (Mayer, Salovey, & Caruso, 2000; Salovey & Pizarro 2003). Similarly, EQ has been identified as the extent to which cognitive capabilities and processes are informed by emotions and the degree to which one may cognitively manage such

emotions (Arthaud-Day, Baldwin, Mooney, Near, & Rode, 2008). Essentially, emotional intelligence is concerned with the extent to which one is in tune with both their emotions and the emotions of others, and how these factors affect his or her behavior.

Factors related to self-regulation and control are shown to impact positive, success related outcomes for individuals (Tangney, Baumeister, & Boone, 2004; Converse, Pathak, DePaul-Haddock, Gotlib, T., & Merbedone, 2012). As such, it stands to reason that the competencies of emotional intelligence are also important factors in determining life and career success (Goleman 2000). While empirical support for the relationship between EQ and success is relatively young (Jordan, Ashkanasy, Hartel, & Hooper, 2002), researchers acknowledge the factor emotional intelligence (Poon, 2004) plays in career success. To the extent that salary is a signal of objective career success (Lam, Ng, Feldman, 2012), the following hypothesis is offered.

H4: EQ is positively related to salary.

Life Satisfaction

Previous research has found mixed support for the relationship between salary and life satisfaction. Johnson and Krueger (2006) found that equal amounts of money yields different effects on life satisfaction for different people. In other words, two individuals earning the same salary may perceive very different levels of satisfaction with their earnings. While researchers yet acknowledge traditional indicators of career success such as promotions, ascending the company hierarchy, and salary (Stumpf & Tymon, 2012), others are noting a declining significance of such factors (De Kerpel, Dries, and Pepermans, 2007). To conceptualize the impact of salary on life satisfaction, one can reference the spillover model of job and life satisfaction (Loscocco & Roschelle, 1991) which suggests that satisfaction in one life domain spills over into other domains. In other words, if an individual experiences satisfaction in the job domain, then this satisfaction will spill over into the individual's general life satisfaction as well. To the extent that salary impacts job satisfaction, the same relationship may hold for salary and life satisfaction.

H5: Salary is positively related to life satisfaction.

METHOD

Data was collected using an online survey targeted to a sample of working adults. The final sample consisted of 79 participants, consisting of 60% male and 40% female. Individual annual gross salary ranged from \$6,000 to \$400,000, with a mean of \$85,000. Household gross salary ranged from \$15,000 to \$500,000, with a mean of \$124,000.

Measures

Survey items were adapted from existing measures previously reported to be valid and reliable. To measure the five core dimensions of the JCM, the Job Diagnostic Survey (JDS) developed by Hackman and Oldham (1974), was utilized. Participants indicated how accurately statements described their job using a 7-point Likert scale ranging from "very accurate" to "very inaccurate" ($\alpha = .71$). The Job Diagnostic Survey was also utilized to measure experienced

psychological states related to the job. Respondents indicated whether they agree or disagree with the proposed statement about their work experience on a 7-point Likert scale, “strongly agree” to “strongly disagree” ($\alpha = .87$). Job satisfaction was also measured with the JDS using a 7-point scale ranging from “extremely satisfied” to “extremely dissatisfied” ($\alpha = .92$).

Emotional intelligence was measured with 20 items from the Bar-On Emotional Quotient inventory (Bar-On, Brown, Kirkcaldy, & Thome, 2000), ($\alpha = .83$). Life satisfaction was measured with items adapted from a metric developed by Kapetyn, Smith, and Soest (2009). Respondents were asked to rate their overall life satisfaction in five areas on a 5-point Likert scale ranging from “very satisfied” to “very dissatisfied” ($\alpha = .80$).

Demographic data including age, gender, race, individual income, and household income was collected and utilized as controls.

RESULTS

Hypotheses were tested using hierarchical multiple regression analysis. Control variables were entered into Step 1 and predictor variables were entered into Step 2. Where multiple predictor variables were contained within an analysis, those predictors were entered in as a block. Results are summarized in Table 1 (Appendix).

Hypotheses 1 and 2 focused on the Job Characteristics Model. Hypothesis 1 predicted that job characteristics would be positively related to critical psychological states. Results support this hypothesis ($\beta = .60$, $\Delta R^2 = .348$, $p < .00$) and show that the five characteristics of the JCM are a significant positive predictor of the three critical psychological states. Hypothesis 2 predicted that critical psychological states (experienced meaningfulness, responsibility, and knowledge of the results) would be positively related to job satisfaction. Results show that the three critical psychological states are a significant, positive predictor of job satisfaction ($\beta = .60$, $\Delta R^2 = .348$, $p < .00$). Hence, Hypothesis 2 was supported.

Hypotheses 3 and 4 focused on antecedents to salary. Hypothesis 3 explored the relationship between job satisfaction and salary with the prediction that the relationship would be positive. Results tell a different and unexpected story. Job satisfaction had a significant, negative relationship with salary ($\beta = -.39$, $\Delta R^2 = .14$, $p < .01$). Hypothesis 4 predicted the relationship between emotional intelligence (EQ) and salary to be positive. Data did not support a relationship between EQ and salary ($\beta = -.18$, $\Delta R^2 = .03$, NS).

Finally, Hypothesis 5 predicted that salary would have a positive relationship with overall life satisfaction. In another surprise, data shows the opposite result. Salary is a significant, negative predictor of life satisfaction ($\beta = -.49$, $\Delta R^2 = .22$, $p < .00$).

DISCUSSION

The goal of this study was to revisit and further explore factors related to employee satisfaction. Results support the efficacy of Hackman and Oldham's (1974) Job Characteristics Model as a predictor of work satisfaction. Analysis demonstrates that job characteristics are significantly related to the three psychological states, even when factoring demographic considerations such as age, gender, and ethnicity. The characteristics of the job explained nearly 35% of the variance in experienced psychological states of our sample. This is in contrast to the contentions of Fried and Ferris (1987) that there is a relatively weak correlation between job characteristics and the critical psychological states. This study also confirms that experiencing

the three critical psychological states is a significant positive predictor of job satisfaction – explaining nearly 40% of the variance in job satisfaction. In other words, as Hackman and Oldham's original model holds, it is necessary to experience these states in order to be satisfied with work. Interestingly, this contradicts their later (Hackman & Oldham, 1976) assertion that it is not necessary to experience these psychological states in order to experience work satisfaction.

The negative relationship between salary and both job and life satisfaction was unexpected, yet interesting. While it has long been said that money does not buy happiness, the findings of this study surprisingly pit salary in a negative relationship to both job and life satisfaction. The life span model of career progression is well established (Super, 1980). As an individual progresses through their lives and careers, distinct stages are encountered – the early career, where exploration occurs, the mid-career, where established gains are maintained, and the late-career, where individuals begin to disengage from the workplace towards eventual retirement. As individuals progress through the stages, their earnings increase in relation to increases in experience. As individuals mature and become more knowledgeable about the world and about their personal goals, the implicit expectation is that they would strive towards activity which makes them happy. Therefore, it's reasonable that income and life satisfaction would be positively correlated. The data presented in this study disconfirms this logic – as salary increases, life satisfaction decreases. Perhaps this suggests that the pursuit for “more and more” has no end; that once a goal is met, it is immediately replaced by another - and the unattainable ideal moves just out of grasp once again. It's a cycle that can potentially lead to increasing levels of discontent. Perhaps these results lend credence to the old adage: as money increases, so do the problems. It's possible that satisfaction occurs in relation to the financial state of affairs, and that perceived financial well-being – as opposed to the amount itself – is more strongly associated with life satisfaction. The work of De Kerpel, Dries, and Pepermans (2007), that found a declining significance of traditional indicators of career success, is intriguing in light of the present findings. Furthermore, this study contradicts early assertions, such as those of Hulin and Cain (1969), who found high income to be related to high job satisfaction. As discussed earlier, the research on the impact of income to job and life satisfaction shows mixed results. Further research is needed to understand this relationship in more detail, particularly in light of the changing dynamics that modern employees and organizations face.

There was no support for the relationship between EQ and higher earnings. In this case, questions arise, such as whether EQ is nomologically robust enough to yield consistent predictions in relation to workplace outcomes.

There were some limitations to this study. There was a slight overrepresentation of gender (60% male). Furthermore, the types of jobs participants held were not factored as a control. However, this limitation was noted by Finn & Lee (1976), Goodman (1974), and Ronen (1986), who stated that for practical purposes, studies on job satisfaction often used one firm or department.

In conclusion, the findings of this study lead to additional questions of interest. What is the true nature between higher earnings levels and satisfaction? Perhaps individuals who earn higher incomes are less satisfied with work because they operate under more pressure. Maybe dissatisfaction sets in when high earning individuals have reached a point where they have maximized earnings potential and thus do not see room for growth financially. Researchers wanting to understand these relationships and questions further could explore these concepts with additional samples and in different contexts.

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Table 1

Hypothesis Results	R ²	Beta
H1: JCM → Psychological States	0.348	0.602***
H2: Psychological States → Satisfaction	0.392	0.667***
H3: Satisfaction → Salary	0.140	-0.394**
H4: EQ → Salary	0.031	-.179
H5: Salary → Life Satisfaction	.217	-.494***

Note. * p < .05; ** p < .01; ***p < .001.