

# Research: Pay satisfaction key driver of work-family conflict

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Employees who are more satisfied with their pay report lower levels of work-family conflict, a study by a University of Illinois labor and employment relations professor shows.

A worker's actual salary is as important as pay satisfaction in determining a worker's happiness, according to the research by professor Amit Kramer.

"Pay, as you might expect, is a relative thing," Kramer said. "I think most people would agree that a certain level of pay that allows you to meet your needs is critical. However, beyond that level, relative pay becomes an issue and with it, perception of pay or pay satisfaction."

Kramer, who co-wrote the study with Devasheesh P. Bhawe, of Concordia University, and Theresa M. Glomb, of the University of Minnesota, says once workers achieve this "sufficient" level of pay, they shift their reference point from what their actual pay allows them to do, to other social reference points such as how much their [peers](#) are paid.

"It becomes 'my pay' compared to others; 'my pay' compared to the effort I invest; 'my pay' compared to the things I give up and miss in life for the opportunity cost of working," he said. "Organizations believe that actual pay is the No. 1 incentive for employees. While this may be true for some employees, for others the social aspects of pay and the things they perceive to be sacrificing for pay are stronger or act as additional incentives and disincentives."

The effect of a pay raise on pay satisfaction only has a moderate relationship, Kramer says.

"I'm not sure that the effect of a pay raise lasts very long," he said. "It might have a short-term effect on pay satisfaction, but individuals are likely to regress to their initial pay satisfaction level over time. As an example, when employees change jobs, they re-evaluate their pay and are more likely to change their pay satisfaction, not necessarily because they get a raise, but because of the [social aspect](#) of pay. And the way individuals evaluate their pay is by comparing their pay relative to their co-workers' pay, relative to the effort they put in, and relative to what they sacrifice in order to work."

According to the study, even highly compensated employees report high work-[family conflict](#) because they, too, can perceive pay inequity among colleagues. So what can employers do – if anything – to increase pay satisfaction among employees?

A lot, Kramer says.

"If employees perceive work as a sacrifice they have to make, then the work environment itself is not ideal," he said. "If employers can understand the trade-offs employees perceive to be doing – sacrificing family for work, for example – then they can offer different work arrangements and policies that compensate for that. Flexible work arrangements, paid vacation days and compressed workweeks would be good examples of this. It also might be ideal to tailor policies and benefits based on different needs of employees, since each employee will perceive that they are making different trade-offs."

The only downside to such benefits is that they're expensive, and they usually can't be offered to all employees, Kramer says.

"Firms will usually only offer these type of working arrangements to workers who are expensive to recruit, retain and replace – the high-performing, star employees," he said.

With Americans among the world leaders in hours worked and worker productivity, Kramer says the research speaks to the need for more family-and life-friendly policies in the workplace.

"In a time when the boundaries between work, life and family are so blurred with the increased use of technology that allows many employees to work everywhere, anytime, I think employers should consider offering flexible work arrangements to employees who can perform their work off-site and off-schedule," he said. "That type of a flexible policy that would allow all employees – not just those with families – to better balance work, family and life demands as they see fit."

Family demands can come from many different sources, all of which require different kinds of flexibility, Kramer says.

"Young children demand more emergency-type flexibility – for example, leaving work on short notice to pickup a sick child from daycare, or staying home with a sick child," he said. "Older children require more 'planned' flexibility – for example, a week of college visits – while elder parents, like young children, need more short-notice, emergency-type flexibility."

Provided by University of Illinois at Urbana-Champaign

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