The Influence of Supervisor Race, Gender, Age, and Cohort on Millennials’ Job Satisfaction

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It is the basic premise of this study that Millennial employees are affected by the interplay of various social identities and in turn affect their organizations through their perceptions of these identities. Utilizing a sample of 1000 Millennials from the NLSY dataset 2007, this study investigates the effects of supervisor demographics of race, gender, age, and cohort and any relational differences in these within the supervisor-subordinate dyad on employee job satisfaction. It is found that supervisor’s demographics and the relational differences in these significantly affect Millennials’ job satisfaction. The implication of these findings is that organizations must gain insight into Millennial perceptions and their effects.

INTRODUCTION

One of the major challenges facing companies today is the retention of their talented and productive employees. Especially critical is retention of the newest recruits, the Millennials; companies claim to rely on these new employees for development of innovative ideas, loyalty to corporate missions to broaden domestic and global markets, and potential leadership pipeline candidates. Companies offer what are often complex compensation packages and workplace options. Yet despite these offerings, low retention rates of these newest employees translate into low rates of return on these corporate efforts (Miller, 1998).

In his seminal 1978 article “Job Satisfaction as an Economic Variable” Richard Freeman argues that answers to questions about how people feel towards their jobs are not meaningless (as many economists of the time argued), but rather convey useful information about economic life that should not be ignored. In this early study, job satisfaction is shown to be a major determinant of labor market mobility in part because it reflects aspects of the workplace not captured by standard economic variables (Freeman, 1978).

In exit interviews, young former employees often cite their disillusionment in the company culture and philosophy. This disillusionment is often credited to the immediate supervisor or management team - the most “visible” representative(s) of the company. Part of the retention process then is for companies to understand the dynamic within the supervisor-subordinate dyad relationship in order to ensure a satisfying work environment for employees. The quality of this relationship is critical to the productivity, job satisfaction, and retention of these employees.

Utilizing a sample of 1000 Millennial employees from the National Longitudinal Survey of Youth (NLSY97) for the year 2007 (U.S. Bureau of Labor Statistics, 2007), this study investigates the impact of supervisor demographics and relational demographics within the supervisor-subordinate dyad on employee job satisfaction.
The following questions are addressed in this paper: Do the simple demographic characteristics of the employee’s immediate supervisor, race, gender, and age affect the employee’s assessment of his/her job and therefore job satisfaction? Or does the assessment involve more complex relational demographic comparisons, for example, whether the supervisor’s gender differs from the employee’s gender?

Why might these demographic and relational demographic characteristics impact job satisfaction? Do these visible demographic characteristics act as social identities which allow Millennials to quickly assess their supervisor; perhaps even stereotypically categorize their supervisor; and therefore affect employee job satisfaction? What are the implications of these assessments for the success of supervisors’ policies and the achievement of organizational goals?

The Pivotal Role of the Immediate Supervisor to the Employee and the Organization

Missing from many formulations of the traditional business job satisfaction model is the impact of the immediate supervisor. There is an old saying: Employees do not quit their jobs, they quit their bosses! Today’s companies often tend to rely on the reward structure as the main recruitment and retention tool. Such a shortsighted strategy fosters double-digit annual budget increases (Miller, 1998) and fails to stem the flow of young employee turnover.

The importance of the supervisor in the workplace setting is firmly established. Recent studies find that trust in one’s supervisor is significantly and positively related to satisfaction with supervisor and innovative behavior (Tan & Tan, 2000) and that trust has a significant and positive influence on employee job satisfaction (Flaherty & Pappas, 2000). Supervisor support of employees and the quality of the relationship between supervisor and employee influences job satisfaction, job performance, and job evaluations (Jansen & Van Yperen, 2004) as well as results in higher career satisfaction, lower turnover, and higher organizational commitment (Kacmar et al, 2003).

First line supervisors in particular are the managers who establish the immediate work environment and affect productivity. Many studies find the importance of the mentor role of the immediate supervisor to entry-level employees’ career success because such a relationship performs both a career and psychosocial function (Orpen, 1995). Goris et al (2000) state that supervisors would do well to spend time promoting trustful relationships with their employees and making sure they are perceived as having upward influence to solve downward problems (support their employees).

However there is also evidence that even a supportive supervisor may not improve job satisfaction and performance outcomes (Hilton et al, 1995). Theory informs that lacking extensive experience within a particular setting, such as the workplace, individuals may rely on quick assessments of others based upon their visible traits, such as race, gender, or age. If young Millennials are utilizing the visible characteristics of their supervisor as the means to assess their supervisors’ actions and therefore assess their jobs, this could undermine supervisor and organizational policies. Within the supervisor-subordinate dyad relationship, this could mean that these young subordinates are “assessing” their supervisors and therefore their jobs based upon their supervisors’ race, gender, age, and/or cohort.

BACKGROUND

General Background on Supervisor-Subordinate Relationship

Every individual has an array of social identities, including race, age, gender, and others. These identities affect and are affected by the individual’s perception and experience. Interactions with others are dynamic: our expectations and behavior are continuously shaped by others’ expectations and behavior as the interaction unfolds. These interactions always take place within a given context (Bodenhausen, 2010).

Empirical research in many fields primarily examines the independent effects of demographic characteristics, such as age, gender, and race at the employee level on such work outcomes as job satisfaction (Waldman & Avolio, 1986). Tsui & O’Reilly (1989) question whether this approach adequately captures the full impact of potential demographic effects. Working organizations are
composed of multiple sets of relationships and therefore it is suggested that more complex relational analyses are required (Chasteen, 2005).

Early on organizational demographers such as Kanter (1977) and Blau (1977) argue that the greater the minority’s representation in an organization, the more likely the majority is to perceive them realistically and to interact with them without focusing on group differences. The smaller the disparity in the groups’ sizes and thus, the greater likelihood of interaction, the less likely members of the preponderant group are to avoid interaction with the minority. However, Blau (1994) later recognizes that the salience of some statuses is so overarching that it overwhelms the structural effect of the relative group size and he acknowledges that sex and race are such statuses.

Organizational demographers now recognize that, net of individual employee traits, the demographic characteristics of a workgroup affect the behavior and attitudes of its members (Reskins et al, 1999). This heterogeneity can in particular affect employee assessments such as job satisfaction. In absence of detailed personal information about others, such as values, experiences, and attitudes, employees are often left with stereotyping – that is individuals are ascribed the characteristics of their racial, gender, or age “group” – whether the result of prejudice or not. Out of these group stereotypes may come preferences or expectations based upon “norms” (what is normally visible in the labor force), again obscuring the individual traits of the supervisor.

Given the significance of the specific relationship between the immediate supervisor and subordinate, relational demography significantly speaks to the dyad and can be linked to both worker satisfaction and to achievement of organizational goals. Relational demography refers to the comparative demographic characteristics of members of dyads or groups within organizations who are in a position to engage in regular interaction (Tsui & O’Reilly, 1989) and can be used to explore the extent to which the comparative demographic characteristics of the supervisor-subordinate dyad influences work outcomes.

Within the organizational demography perspective, the similarity-attraction paradigm contends that again in absence of detailed information about others, individuals tend to like those who are similar to them on visible characteristics such as race, gender, and age. Interacting with similar others enhances one’s self-esteem and fosters a motivation to identify with the group (Riordan & Shore, 1997). An alternative paradigm, the social categorization paradigm, postulates that individuals tend to define others as part of one’s social circle or outside it, and out-group members are less likely to be viewed as honest and trustworthy (Tajfel & Turner, 1986). Both the similarity-attraction theory and self-categorization theory predict that the need for a positive self-identity causes us to have a preference for (Webber & Donahue, 2001), smoother interaction with (Geddes & Konrad, 2003), and consequently more positive evaluation of people who are similar to us.

Research demonstrates that longer term contact between individuals of different races, ages, and genders is critical to gain individual knowledge of personal characteristics. A higher amount of individuated knowledge and closer interpersonal ties between supervisor and employee can be expected to motivate and enable individuated processing and therefore reduce stereotyping and potential conflict and misunderstanding within work groups (Mayer et al, 1995; Somech, 2003).

Specific Background on Supervisor-Subordinate Relationship – Race

It is at the workplace where inter-racial group contact is likely to be highest (Brown et al, 2003). In racially diverse settings, individuals from both minority and majority groups often seem to experience forms of identity threat – that is contextually triggered concerns about being negatively judged because of their identity (Steele et al, 2002) – which in turn could potentially undermine intergroup relations.

Empirical findings are mixed. For example, studies find that racial heterogeneity of the workgroup is associated with higher absenteeism and turnover intentions (Pelled et al, 1999; and Wharton et al, 2000). However, these studies fail to account for individual-level correlates of job satisfaction, such as pay. Other studies which examine the impact of job conditions on job satisfaction fail to consider the effect of work group/supervisor demographics. Recent research finds that several factors can shift the outcomes of interracial interactions in more positive (or negative) directions (Tsui et al, 2002). These factors include
the amount of prior intergroup contact (Blascovich et al, 2001); levels of concern about the interaction (Shelton & Richeson, 2006); and ways of coping with the stress of the situation (Trawalter et al, 2009).

In a meta-analytic review of dyadic interracial interactions, Toosi et al (2012) report on changes over the last 40 years in affect (emotional outcomes), explicit attitudes, non-verbal behavior, and performance resulting from interracial interactions. They find that explicit attitudes towards people of other races and non-verbal behavior improved. They also find that when the interracial interaction is structured (such as with work tasks), performance outcomes between same-race and interracial dyads are more comparable than when the interaction is free-formed. This may be due to a decrease in self-presentational concerns which result from a more structured interaction (Avery et al, 2009; Pettigrew & Tropp, 2006).

Toosi et al (2012) further conclude that only longer term contact leads to more positive outcomes in all domains (affect, non-verbal behavior, attitudes, and performance). Longer term contact may allow an individual to “individuate” the other person and thus rely less on preference for their “own” race or group stereotypes to guide emotional responses (Fiske & Neuberg, 1990).

Specific Background on Supervisor-Subordinate Relationship - Gender

Although much has been written on the differences in communication styles between women and men, the focus here is on perceptions that lead to attitudes and behavior and thus affect individual and organizational work outcomes. The literature provides two competing models. Based upon socialization theory, the Gender –Difference Model contends that men and women have distinct values and priorities (Dodd-McCue & Wright, 1996). Different gender orientations subsequently affect the manner in which males and females learn to behave and carry out their jobs in the workplace (Aven et al, 1993). Differences of this nature have been attributed to the fact that males and females, from the time they are young, learn to speak and carry out conversations in different social contexts that are same-sex oriented (Tannen, 1994).

Supportive research reveals a double standard in the evaluation of men and women such that women must perform better to be considered equally competent (Biernat & Kobrynowicz, 1997); derived from the perception of greater competence and greater expertise, men possess more power than women do particularly legitimate power (Carli, 1999); and men, more than women, associate managerial ability with the gender “male” (Heilman, 2001) and are viewed as more likely to possess potential leadership and management skills than women (Schein, 2001).

In contrast the proponents of the Gender-Sameness Model argue that men and women are more alike than different and what is more significant is the diversity of personality traits and situational variables that affect employee and organizational outcomes. Employees possess a certain potential to negotiate their own roles in the workplace and in general people modify their behavior dependent upon their assessment of how the other person is likely to behave in the situation; how they themselves are expected to behave; and their own relative power in the interaction.

Thus with more interpersonal interaction and realistic expectations, considered in conjunction with many other factors, differences which may be attributed to gender will be small (Smythe & Meyer, 1994). These and other critics of the Gender-Difference Model argue that the model perpetuates inaccurate, stereotypical conceptions of sex differences. Barker & Zifcak (1999) recommend that companies value and reward a more thorough understanding of employees as individuals if they are to survive in a diverse business world.

Specific Background on Supervisor-Subordinate Relationship – Age, Cohort

Research spanning the last decades reveals that a person’s age forms one of the principal bases for stereotypical categorizations (Fiske & Neuberg, 1990). Older workers on the one hand, may be seen as a representation of experience, proven-qualities, and vital corporate knowledge (Shultz & Adams, 2007); on the other hand, they may be seen as less productive, non-innovative, and embedded in the status quo (Van der Heijden, 2002). Younger workers may be seen as just the opposite; on the one hand unproven, inexperienced, and lacking in corporate history (Briscoe & Hall, 2006); on the other hand, productive, risk-taking innovators who will break with the past (Sullivan, 1999).
Substantial evidence demonstrates the importance of age in workplace processes and outcomes (Ostroff et al, 2004). Age dissimilarity, as in supervisor-subordinate dyads, has been most frequently studied within job performance and performance evaluation processes. Here research results are somewhat mixed. For example, in a meta-analytic investigation of age bias in both field and laboratory settings, Gordon & Arvey (2004) find that supervisors’ age may interact with employees’ age to affect supervisory ratings of employees. However, utilizing relational demography, Tsui & O’Reilly (1989) and Liden et al (1996) did not find support for a non-directional age difference effect (simply the number of years difference in age) on supervisor performance ratings of subordinates.

Other researchers argue that the similarity-attraction hypothesis and the testing for non-directional age difference effects may not go far enough to explain relational demography effects on work outcomes. Directional age differences occur where subordinates, who have to report to a young(er) supervisor, experience status incongruence, a negative response; possibly due to a perceived violation of career timetable or a lack of trust in the young(er) supervisor (Perry et al, 1999; Tsui et al, 2002). Neither Perry et al (1999) nor Van der Heijden et al (2010) find support for directional age difference effects on work outcomes.

More importantly Van der Heijden et al (2010) did find, even after controlling for age-related supervisory practices on performance evaluations, the quality of the relationship between the supervisor and the subordinate to be the most significant moderator of any negative performance ratings due to age difference stereotyping. If members of the dyad have only stereotypical information to rely on, then they will resort to a quick assessment of each other on these superficial aspects. However, research early on informs that relational demography can affect and change stereotypes and therefore perceptions of work outcomes and attitudes through interpersonal attraction in attitudes, values, and experiences, through quality of communication, and through the frequency of interactions (Byrne, et al, 1986).

Having both supervisor age and subordinate age allows for examination of inter-generational dyad relationships as well. Recently much has been written on the differences in communication, expectations, and technology use of the different generations that make up organizations and the current workforce. Inter-generation communication is a major focus of corporate retention strategy.

A generation is a cohort that shares birth years and related significant life events. Generational researchers suggest that one’s life experiences, various historical, political, and social events, shape people in their world views, beliefs, expectations, attitudes, and values (Glass, 2007). These differing attitudes and values are thought to produce generation-specific work and work environment attitudes, values, work styles, communication preferences, and motivators (Smola & Sutton, 2002; Arsenault, 2004). A lack of understanding of these differences, especially within the supervisor-subordinate dyad, contributes to conflict within working relationships, lowers productivity, and increases turnover (Ballone, 2007).

Currently four generations work concurrently in our workforce: the Builders, also known as the “Silent Generation” (born prior to 1946); the Boomers, better known as the baby-boomers (born 1946-1964); the Busters, also known as Gen X (born 1965-1979); and the youngest, the Millennials, also known as Gen Y, (born 1980-1993). In relative comparisons, Veterans are characterized as conservative, overly cautious, and loyal to authority figures and their organization (Hu et al, 2004). Baby boomers are characterized as workaholics who value work performance, promotions, and titles; who ‘live to work’ and are loyal to their organization; and who desire purpose and meaning in work (Apostolids & Polifroni, 2006).

Gen X workers are characterized as self-directed, lifelong learners who favor work environments that value talent, creativity, and expertise; who change jobs if unhappy; who prefer to work in teams that encourage individual contribution; and who are comfortable with technology (Kupperschmidt, 2000). Gen Y workers, Millennials, prefer collaborative work environments and tend to need direction in their job; strive to balance work and home; will use job portability and lateral career moves to achieve this balance; and are lifelong learners who are comfortable with technology.

Use of these group characteristics within the supervisor-subordinate dyad sometimes eclipses recognition that each individual differs in personal experience and personality traits. Thus legitimate
generational differences are sometimes used within the dyad as quick guides to categorize individuals into a particular group and ascribe group characteristics to the individual; hence stereotyping.

MODELS DEVELOPED AND TESTED

Traditional Business Model of Employee Job Satisfaction: Model 1

The traditional business model (Model 1) of job satisfaction postulates the compensation package paid to the employee and job and work environment characteristics as primary correlates of employee job satisfaction. These are often referred to as the extrinsic factors which affect job satisfaction— in this case those provided by the employer to the employee. In this study, the impact of the compensation package is represented by the independent variables hourly base pay, provision of medical insurance, and availability of sick leave days. Job and work characteristics are represented by the variables availability of flex time, union membership, working extreme hours, employer establishment size, regular shift, and co-worker support. The inclusion of these variables is drawn from the literature and the availability in the dataset. Further discussion of these variables and their expected impact on Millennials’ job satisfaction is included in the variable construction section.

Although it will be argued here that the extrinsic factors of the job may not provide all that employees need to succeed and be satisfied with their job, they must be taken into account in models of job satisfaction. However, without a good relationship with their supervisor, these young Millennials will not stay; especially given their need for mentoring and guidance. Without this understanding, trustful relationship, Millennials will probably seek out other employers.

Adding Supervisor Demographics and Relational Demographics of the Supervisor-Subordinate Dyad to the Traditional Model: Model 2a and Model 2b

In this study, three demographic characteristics of the employee’s immediate supervisor are available for this inquiry: gender, race, and age of supervisor. These variables can be used to identify employee preferences (if they exist) for a particular race, gender, and age based upon group stereotypes which either reflect prejudice or visible “norms” (that which is most normally seen in the workforce); and by extension and more importantly, supervision by that person and the impact on job satisfaction. The variables themselves in this inquiry are constructed to reflect the “norm” of a U. S. supervisor, that is, male, white, and older.

The data allows further relational demographic investigation (Model 2b). Suppose for example it is not whether a supervisor is male or female that affects employee job satisfaction, but rather whether the supervisor’s gender differs from the employee’s gender. Three additional variables are created to capture this relational distinction: a supervisor “race difference” variable; a supervisor “gender difference” variable; and a supervisor “cohort difference” variable. It may turn out to be as important or more important to measure these relational differences, especially for the immediate supervisor-subordinate relationship. “Same” may be comforting and less threatening; the variables themselves in this inquiry are constructed to represent differences in race, gender, and cohort.

The model presented here represents an effort to incorporate supervisor demographic and relational demographic characteristics into a traditional business job satisfaction model. Three sets of individual-level logistic regression models are estimated.

\[ \text{Model 1 \hspace{1cm} Traditional Business Model} \]
\[ \text{Job Satisfaction} = f(\text{compensation, job characteristics, work environment}, \text{(excluding immediate Supervisor characteristics)} \]
\[ \text{Model 2a \hspace{1cm} Model 1 + immediate supervisor demographic characteristics} \]
\[ \text{Add to Model 1 by: Incorporating Supervisor Race, Supervisor Gender, and Supervisor Age} \]
\[ \text{Model 2b \hspace{1cm} Model 1 + relational demographics of the supervisor-subordinate dyad} \]
\[ \text{Add to Model 1 by: Incorporating Race Difference, Gender Difference, and Cohort Difference} \]
DATA

This study utilizes a representative sample of one thousand Millennial employees (not including self-employed) from the National Longitudinal Survey of Youth (NLSY97) for the year 2007. This dataset uniquely: 1) allows for inclusion of all traditional correlates of job satisfaction: compensation and job and work environment characteristics and 2) allows for inclusion of supervisor demographic characteristics (often lacking in any study) and creation of “relational differences variables”: differences in gender, race, and cohort of the individual employee relative to supervisor.

To explore the extent to which the employee’s compensation and job and work environment characteristics and immediate supervisor demographic and relational demographics characteristics affect job satisfaction, multivariate statistical testing is utilized.

Descriptive Statistics

Table 1 lists the descriptive statistics for all variables utilized in all Models of this study. On a scale of 1-5, 1=dislike very much, the mean value of job satisfaction is 4.03. The sample is nearly split in terms of gender, with 49% of sample members male. Twenty seven percent of sample members are Hispanic; 84% single marital status, and most are relatively healthy on a scale of 1-5, 1=excellent, with a mean value of 2.16.

<table>
<thead>
<tr>
<th>Variable</th>
<th>Definition</th>
<th>Mean</th>
<th>Standard Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Independent</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Comp &amp; Benefits</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rate of Pay</td>
<td>Hourly Wage</td>
<td>17.50</td>
<td>14.690</td>
</tr>
<tr>
<td>Medical</td>
<td>1 = Provided</td>
<td>0.72</td>
<td>0.448</td>
</tr>
<tr>
<td>Sick</td>
<td>1 = Provided</td>
<td>0.27</td>
<td>0.932</td>
</tr>
<tr>
<td>Job &amp; Work Char</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Flex</td>
<td>1 = Available</td>
<td>0.39</td>
<td>0.448</td>
</tr>
<tr>
<td>Union</td>
<td>1 = Union member</td>
<td>0.12</td>
<td>0.323</td>
</tr>
<tr>
<td>Extreme50</td>
<td>1 = Works ≥50 hours</td>
<td>0.33</td>
<td>0.423</td>
</tr>
<tr>
<td>Emp Size</td>
<td>1 = Small, up to 49</td>
<td>2.13</td>
<td>0.531</td>
</tr>
<tr>
<td>Reg Shift</td>
<td>1 = Works reg shift</td>
<td>0.51</td>
<td>0.892</td>
</tr>
<tr>
<td>Co-worker</td>
<td>1 = Receives support</td>
<td>0.81</td>
<td>0.624</td>
</tr>
<tr>
<td>Supervisor</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sup Gen</td>
<td>1 = Male supervisor</td>
<td>0.59</td>
<td>0.505</td>
</tr>
<tr>
<td>Sup Race</td>
<td>1 = White supervisor</td>
<td>0.77</td>
<td>0.419</td>
</tr>
<tr>
<td>Sup Age cont</td>
<td>Supervisor's age</td>
<td>41.41</td>
<td>9.515</td>
</tr>
<tr>
<td>Difference</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gen Diff</td>
<td>1 = Difference in gender</td>
<td>0.52</td>
<td>0.843</td>
</tr>
<tr>
<td>Race Diff</td>
<td>1 = Difference in race</td>
<td>0.72</td>
<td>0.724</td>
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<tr>
<td>Cohort Diff</td>
<td>1 = Difference in cohort</td>
<td>0.86</td>
<td>0.986</td>
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<tr>
<td>Controls</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Own Ethnicity</td>
<td>1 = Hispanic</td>
<td>0.27</td>
<td>0.379</td>
</tr>
<tr>
<td>Own Gender</td>
<td>1 = Male</td>
<td>0.49</td>
<td>0.166</td>
</tr>
<tr>
<td>Marital St</td>
<td>1 = Single</td>
<td>0.84</td>
<td>0.381</td>
</tr>
<tr>
<td>Health</td>
<td>1 = Excellent (scale 1-5)</td>
<td>2.16</td>
<td>0.906</td>
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<tr>
<td>Dependent</td>
<td>Job Satisfaction</td>
<td>4.03</td>
<td>1.040</td>
</tr>
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</table>
Looking at the employees’ immediate supervisors, 59% are male; 77% are white; and the mean supervisor age is 41 years. In examining the supervisor-employee/subordinate dyad, 59% of the dyads are of different gender; 72% of different race; and 86% of different cohort/generation.

In terms of compensation, the mean hourly wage is $17.50; 72% have medical insurance provided; and 27% have sick leave days provided. In terms of job and work environment, 39% have a flex time option; 33% work 50 hours or more per week; and 51% work a regular day, evening, or night shift. Twelve per cent of employees are unionized, working on average at a medium-sized establishment, 1= small (0-49 employees), with a mean value of 2.13; and 81% receive some co-worker support.

**VARIABLE CONSTRUCTION AND HYPOTHESES**

**Dependent**

Job satisfaction has long been considered a core indicator of workers’ evaluations of their jobs (Hodson, 2011; Hodson, 2004). Research provides evidence that job satisfaction is consistently and significantly correlated with retention (Coomber & Barriball, 2007); is a determinant of quits and intention to leave the workplace (Bockerman & Ilmakunnas, 2005); influences early retirement; employee long-term absence from work due to illness (Lund & Villadsen, 2005); short-term sickness absence (Munch-Hansen, et al 2009); and productivity (Cooper, et al, 1996).

As a concept, job satisfaction assumes that workers evaluate all aspects of their job situations, consider their alternatives, and through an internal calculus arrive at an overall evaluation of the quality of their jobs. A meta-analysis by Wanous et al (1997) concludes that single-item scales of job satisfaction are acceptable. The dependent variable utilized in this analysis is a global measure in which workers respond to the question: how satisfied are you with your job overall? Response categories include: like very much; like fairly well; think it’s OK; dislike somewhat; and dislike very much. As shown in the descriptive statistics section, the categories are re-ordered to facilitate interpretation of the results.

Data which results from the measurement of qualitative phenomena by the use of questionnaires is often categorical, ordinally-scaled; ordered, but with intervals that may be uneven. Job satisfaction is just such an example – using a verbal rating scale, which consists of a discrete number of verbally described ordered categories. Given the ordinal nature of the dependent variable and the skewed distribution of responses, these measures are analyzed with ordered logistic regression. This technique is an extension of the binary logistic regression and is often referred to as the cumulative logistic regression model. The technique estimates a series of tau thresholds or cut points, giving the cumulative log odds of scoring at or below a given threshold of satisfaction. The number of thresholds is always one less than the number of categories on the dependent variable (since by definition, all responses are in the highest response category or lower).

The slope parameters in ordered logit regression indicate changes in the cumulative distribution of responses at the cut points given unit increases in predictor variables; significance tests are conducted in the usual manner (slope parameter divided by the standard error). The ordered logistic regression model estimates a model chi-square (with \( df \) equal to the number of predictor variables in the model) that shows the reduction in the log likelihood compared with a model that contains only the intercept.

**Explanatory Variables**

*Compensation and Job and Work Environment Characteristics*

The traditional business model (Model 1) of job satisfaction postulates the compensation package paid to the employee and job and work environment characteristics as primary correlates of employee job satisfaction.

Hypothesis 1: Employee compensation and job and work environment characteristics directly affect employee job satisfaction

Given the use of another variable in this study, “extreme hours”, the variable “rate of base pay” is used here which excludes any reference to pay for performance or overtime. This base pay measure is a measure of absolute rather than relative wage. It is hypothesized that an increase in absolute wage will
positively affect job satisfaction (Sell & Cleal, 2011). A binary of “whether medical insurance is provided” to the employee is constructed. In discussions of relative benefit importance this captures what most employees cite as the most sought after benefit; thus positively contributing to job satisfaction (Decker et al, 2009). The binary variable, whether “sick leave time is available” represents another much desired benefit. Its availability should contribute to overall job satisfaction (Keefe & Medjuck, 1997).

Flexibility has been found to be highly ranked among employees (Bond et al, 2004). A binary is created to capture “whether flex time is available” and its availability is hypothesized to positively affect employee job satisfaction. A binary is created to capture “whether a union member or not”. Membership affords professional and social network contacts as well as sources of information and potential grievance recognition and resolution (Bluestone & Rose, 1997). Membership is hypothesized to positively affect employee job satisfaction.

The literature also suggests that a measure of “extreme hours worked” affects job satisfaction and delineates the threshold at 50 or more hours per week. Long working hours can be evidence both for workers having a challenging job and for workers just having too much work (based upon their preferences) (Kristensen, et al 2004; Hewlett & Luce, 2006). A binary “whether worked 50 hours or more” is created. Working extreme hours is hypothesized to negatively affect employee job satisfaction. The continuous variable, number of employees at site establishment, is used to create the variable “employer size” with the delineations of “small”, “medium” and “large” firms using the industry standard. Hodson (2011) finds that employee job satisfaction tends to be lower in larger firms, which are more impersonal and bureaucratic. Larger employers however may also provide more varied pay and promotional opportunities. There is no a priori expectation as to the effect of employer size on employee job satisfaction. The variable “shift” refers to the distinction between regular and irregular schedules, where irregular schedules refers to changing hours and/or changing among day, evening, and night shifts. It has been found that employees will find these “irregular” shift environments less satisfactory (Tausig & Fenwick, 2001). It is here hypothesized that a regular shift environment will positively affect employee job satisfaction.

The last variable “co-worker support” measures whether the employee has “a co-worker to talk to about work issues” (not including supervisors). Employee-perceived co-worker support can motivate employees to persist in meeting requirements of their jobs and can reduce employees’ withdrawal intentions and actual turnover (Iverson, 1999; Price & Mueller, 1986). Co-worker support is hypothesized to positively affect employee job satisfaction.

Supervisor

The NLSY data provides a unique opportunity to examine this supervisor-subordinate relationship and its effect on employee job satisfaction. The construction of the supervisor difference variables is based upon the structure of the original supervisor gender, race, and age variables. It is also worth noting that the variables measuring supervisor and supervisor differences’ impact on employee job satisfaction are not generated from direct questions within the NLSY questionnaires but rather the facts of supervisor characteristics and differences are entered directly into the equations as independent variables to discern whether these are significant contributors to job satisfaction. This eliminates any bias of socially acceptable answers that direct questions might elicit and eliminates the possibility that answers are a way for employees to vent against their supervisor.

Three demographic characteristics of the employee’s immediate supervisor are available for this inquiry: gender, race, and age of supervisor (Model 2a). The data allows further relational demographic investigation (Model 2b). Three additional variables are created to capture this relational distinction: a supervisor “race difference” variable; a supervisor “gender difference” variable; and a supervisor “cohort difference” variable.

Hypothesis 2a: Supervisor characteristics of race (white=1), gender (male=1), and age (older) positively and directly affect employee job satisfaction
Hypothesis 2b: The difference (difference=1) in race, gender, and cohort between the supervisor and the employee negatively and directly affects employee job satisfaction
RESULTS

To aid in the interpretation of the results presented here, this study reports both the parameter estimates $b_k$ and the exponential parameter estimates ($e^{b_k}$). The exponential parameter estimate is a measure of the factor change in the odds of the outcome produced by a one unit increase in the value of an independent variable; here that means the increase in the odds of being in the highest job satisfaction group for a one point increase in the explanatory variable. Units implied by raw coefficients of a logistic regression model (log-odds) are not intuitively interpretable (Long, 1997). Also the factor change measure of the effect on odds has the additional benefit of being independent from the settings of the independent variables, unlike predicted probabilities and most marginal effects (Sell and Cleal, 2011).

Traditional Business Model of Employee Job Satisfaction: Model 1

The traditional business model posits compensation and job and work environment characteristics as the fundamental factors that determine employee job satisfaction. Since no significant changes occur with respect to the traditional variables with the addition of supervisor variables, results for the traditional business factors are reported in Table 2 with supervisor variables.

Compensation: Pay and Benefits; Job and Work Environment Characteristics

Of the compensation variables tested, both “rate of pay” (hourly base wage) and “the availability of sick leave” are moderately significant and positively affect job satisfaction. The “provision of medical insurance” is not significant. Interestingly this insignificant finding may signal that the most expensive benefit provided is not, at this stage of these workers’ young lives, important. “Working more than 50 hours per week” is highly positively significant to job satisfaction. Perhaps the “norm” of 40 hours per week is far less defining for this generation than for previous generations. This is consistent with the insignificance of union coverage for these Millennials.

The variables “regular schedule” and the “use of flex time” are strongly positively associated with job satisfaction. Also highly significant is the variable “employer size” and it appears from these findings that these employees’ early experiences in large companies are negative. The variable “co-worker support” is surprisingly highly negatively significant. This support may instead be expressions of frustration - rather than assistance in resolution.

Adding Supervisor Demographics and Relational Demographics of the Supervisor-Subordinate Dyad: Model 2a and Model 2b

Critical to the work environment for Millennials is their relationship with their immediate supervisor; it is a primary source of intrinsic motivation for subordinate employees (Deci et al, 1999). The global chi square statistics indicate that the Model 2a (chi square statistic = 95.306; p<.01) and Model 2b (chi square statistic = 92.498; p<.01) logit regressions are highly significant.

The first set of analyses (Model 2a) combine the traditional model’s variables, compensation, job and work environment characteristics with the “supervisor gender”, “supervisor race”, and “supervisor age” variables. Previous significance and levels of significance of these traditional model variables is maintained with the addition of the supervisor variables. Of the three demographic supervisor variables, “supervisor race” and “supervisor age” are positively significant, with “supervisor age” highly significant.

Supervisor race (white = 1) is setup to measure the impact of having a white supervisor, the “norm”, on job satisfaction. It is found as hypothesized that a white supervisor positively and significantly affects employee job satisfaction ($b$=0.308; p<.05). There are several plausible explanations for this. In the general workforce and in this NLSY sample, the majority of managers are white. It may be that a white manager is seen as the “norm”, even for young non-white employees. It may be for some that given their limited general labor market experience, they have never encountered a non-white manager.

If white is the perceived “norm”, then a non-white manager may increase these young employees’ uncertainty. This preference or expectation for a white supervisor could also signal that white is a proxy for perceived managerial experience; non-white managers’ experience often lags behind or may be
perceived to lag behind their white counterparts. This actual or perceived additional managerial experience could translate into an improvement in communication with subordinates; someone better able to align young workers’ career desires with their career goals.

Even more positively significant as hypothesized is the continuous variable “supervisor age” ($b=0.020; \ p<.01$). For these young employees, rather than rebel against age, they prefer an older supervisor. Perhaps this can be explained by the fact that positions of authority in their immediate pasts were teachers and parents and thus a supervisor older than they may be the “norm” in these Millennials’ minds.

| TABLE 2 |
| RESULTS FROM ORDERED LOGIT REGRESSIONS: MODEL 2a and MODEL 2b |

<table>
<thead>
<tr>
<th>Variable</th>
<th>Traditional with Supervisor 2a</th>
<th>Traditional with Differences 2b</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rate of Pay</td>
<td>0.010*</td>
<td>0.010*</td>
</tr>
<tr>
<td>Medical</td>
<td>-0.152</td>
<td>-0.170</td>
</tr>
<tr>
<td>Sick</td>
<td>0.270*</td>
<td>0.293**</td>
</tr>
<tr>
<td>Flex</td>
<td>0.445***</td>
<td>0.440***</td>
</tr>
<tr>
<td>Union</td>
<td>-0.313</td>
<td>0.309</td>
</tr>
<tr>
<td>Extreme50</td>
<td>0.448***</td>
<td>0.441**</td>
</tr>
<tr>
<td>Emp Size</td>
<td>-0.227***</td>
<td>-0.225***</td>
</tr>
<tr>
<td>Reg Shift</td>
<td>0.261*</td>
<td>-0.298**</td>
</tr>
<tr>
<td>Co-worker</td>
<td>-0.288***</td>
<td>-0.279***</td>
</tr>
<tr>
<td>Own Ethnicity</td>
<td>-0.135</td>
<td>0.032</td>
</tr>
<tr>
<td>Own Gender</td>
<td>-0.133</td>
<td>-0.141</td>
</tr>
<tr>
<td>Marital St</td>
<td>0.240*</td>
<td>0.234*</td>
</tr>
<tr>
<td>Health</td>
<td>-0.324***</td>
<td>-0.326***</td>
</tr>
<tr>
<td>Sup Gen</td>
<td>-0.182</td>
<td>0.834</td>
</tr>
<tr>
<td>Sup Race</td>
<td>0.308**</td>
<td>1.361</td>
</tr>
<tr>
<td>Sup Age cont</td>
<td>0.020***</td>
<td>1.020</td>
</tr>
<tr>
<td>Gen Diff</td>
<td>-0.244*</td>
<td>0.783</td>
</tr>
<tr>
<td>Race Diff</td>
<td>0.170</td>
<td>1.185</td>
</tr>
<tr>
<td>Cohort Diff</td>
<td>0.393***</td>
<td>1.481</td>
</tr>
<tr>
<td>Global Chi-Square Statistic</td>
<td>95.306***</td>
<td>92.498***</td>
</tr>
</tbody>
</table>

Note: $e_k^b$ is the exponentiated parameter estimate and represents the factor change in the odds of the outcome produced by a one unit increase in the value of the independent variable.

* $p<.10$; ** $p<.05$; *** $p<.01$.

Interestingly the variable “supervisor gender” (male = 1), contrary to the hypothesis set forth here, is not found to be significant. There does not appear to be a specific preference or “norm” with respect to the gender of the supervisor for these Millennials. Perhaps this is reflective of the fact that there are more female managers, especially in the private service sector and government sector, than in the past. The expectation for male-only supervisors is far less strong and instead is being replaced by the visibility of both male and female supervisors. Also these young workers are interfacing with lower level immediate supervisors who are more likely to be female in comparison to more seasoned and tenured employees whose immediate supervisor is likely to be higher ranked and less likely to be female.
Supervisor difference variables (Model 2b) are then substituted for the original supervisor variables and the models are re-run. Both the “gender difference” and “cohort difference” variables are positively significant as hypothesized with the variable “cohort difference” highly significant. Even though there is no overarching “norm” or preference for a male or female supervisor, it appears these Millennials nonetheless prefer to be supervised by the same gender. With respect to the “gender difference” variable, having an immediate supervisor of a different gender significantly and negatively affects employee job satisfaction ($b=-0.244; p<.10$). This is consistent with the similarity-attraction paradigm and the gender-difference model’s perspective which would predict that young men and women will feel more comfortable working directly under a same-gender supervisor.

Young employees in particular, without a long work history and array of personal experience in the workforce, may seek identification based on gender first. Often in school, students are identified or classified into male or female groupings without any stereotyping or negativity. Friendships are more often gender-based, as are other social associations. This finding is also consistent with the need for role models for these young employees.

Contrary to the hypothesis set forth here, the “race difference” variable is not significant. The attraction of same gender but not same race is intriguing. One explanation is that for this age group in this cohort, gender matters more than race. Perhaps it is a good sign that race as a distinguishing “difference” is less important and this is reflected in our young workers. It could also show that, coupled with the previous finding, these young employees exhibit a preference for a white immediate supervisor rather than someone of the same race.

The “cohort difference” variable is constructed to capture generational differences. Generational difference (having the older cohort supervise) is highly significant and positively affects Millennials’ job satisfaction ($b=0.393; p<.01$). Contrary to the hypothesized reference to the similarity-attraction paradigm, these young workers prefer to be supervised by an older “different” cohort. This finding takes on additional significance when one considers the efforts and resources companies and consulting firms have expended to address the issues and potential problems of a multi-generational workforce. Some of these resources could perhaps be re-directed to address these young employees’ feelings of status incongruence – the feeling that these “younger” supervisors are not qualified in their eyes to supervise them.

But more potentially profound is that the young Millennials, at least in terms of job satisfaction, do not seem concerned about the “differences” of the older generations. Perhaps the older generations represent leaders to these Millennials; younger supervisors may either be less inspiring or more threatening. It might also be the case that younger supervisors, such as those in Gen X, are perceived to be more ambitious, in the height of their own careers, and tasks such as mentoring and guidance, so necessary to Millennials, are not seen as important ways to get ahead. Younger-generation supervisors may be threatened by the up-and-coming Millennials as potential rivals for promotions and special project assignments. In seeking out ways to retain young workers, companies may want to rely less on stereotypes of age and cohort differences and focus on the basics of trust and mutual respect.

Demographic Controls

Interestingly neither the employees’ ethnicity nor gender is a significant correlate of their job satisfaction. Perhaps these young Millennials have not yet experienced instances where their gender or ethnicity might impact their assessment of their jobs. For example, any differences, whether real or perceived, in promotion opportunities.

CONCLUSION

Both demographic characteristics of the immediate supervisor and relational differences, which represent social identities and differences in social identities, prove to have significant effects on employee (subordinate) job satisfaction. Having a white older supervisor positively affects job satisfaction for this sample of Millennials. A white older supervisor may represent the norm, that is, what
is expected of a person in authority. This may reduce uncertainty that may be associated with a non-white younger supervisor. These young employees may assume that a white older supervisor may be better qualified or situated within the organization to satisfy their job and career desires and goals.

No norm or preference is revealed with respect to gender. These young employees do not prefer or perhaps even expect a male. This may be indicative of the increasing visibility of female supervisors, especially those managing the entry-level positions of these young workers.

Focusing on the supervisor-subordinate dyad, relationally these young workers prefer same-gender supervisors belonging to an older generation. This is partially consistent with the similarity-attraction paradigm where having a supervisor of the same gender is comfortable, less threatening, and perhaps perceived to be more likely to provide a mentor role model. However, generationally, these young workers prefer to be supervised by an older “dissimilar” cohort. Perhaps since trust in supervisor has proven to be very significant to the quality of the supervisor-subordinate dyad, older cohort supervisors are perceived to be more trustworthy; less likely to be in competition with these young workers; and perceived to be more likely to accept and succeed in the mentor role.

IMPLICATIONS

It is strikingly clear that race, gender, age, and cohort play significant roles in the workplace. Young employees in this sample are affected by the interplay of these various social identities and in turn affect their organizations through their perceptions of these identities. For organizations to meet their goals, they must gain insight into these perceptions and how they play out within their organizations. In particular, these young Millennials may not have the tools to deal with a work environment that may be different from what they expect.

The results here indicate that demographic characteristics and relational demographics must be considered with respect to employee job satisfaction. Thus if employees are not individuating their supervisors, that is, getting to know them as individuals, it is likely this lack of knowledge would lead to misunderstanding, misconception, and mistrust.

- If young workers prefer or feel most comfortable with a white supervisor, as these findings indicate, then a non-white supervisor’s policies may fail to engage and retain these workers, regardless of the quality of her/his policies or work tasks.
- If young workers are more comfortable with a supervisor of the same gender, then these workers may be less productive due to self-presentational issues. Given that Millennials need mentoring and guidance in their jobs, then the opposite gender supervisor may fail, not from lack of reaching out, but due to these workers’ lack of comfort or confidence.
- If young workers prefer an older supervisor and are more comfortable with a later-generation supervisor, then the results of the promotion of younger workers (such as Gen X) to supervisory positions may prove less successful for the overall organization, even if they mentor Millennials, if these young Millennials feel threatened by or in competition with these supervisors.

Particular attention should be paid to the interplay of social identities within the workplace and the identification of expectations, norms, and preferences. Both the supervisor and the employee must take responsibility to accept the importance of their relationship and learn, teach, and mentor to achieve both professional and organizational goals.

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