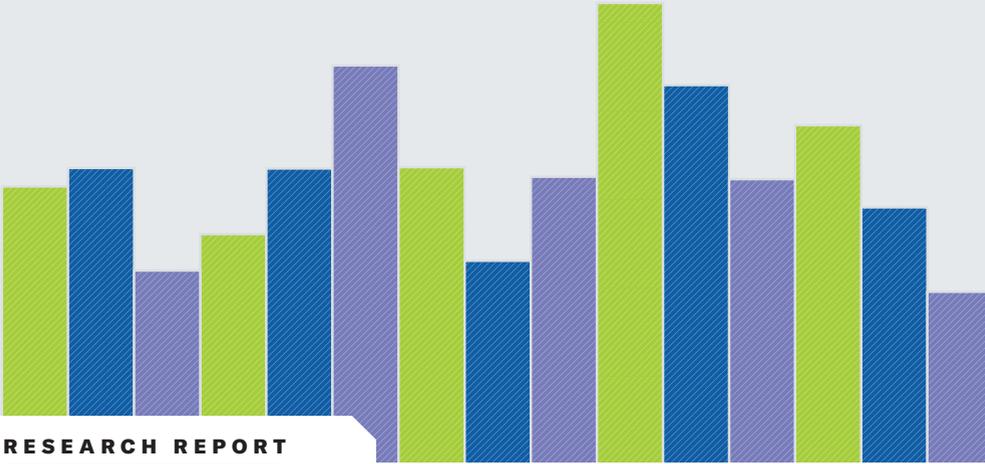




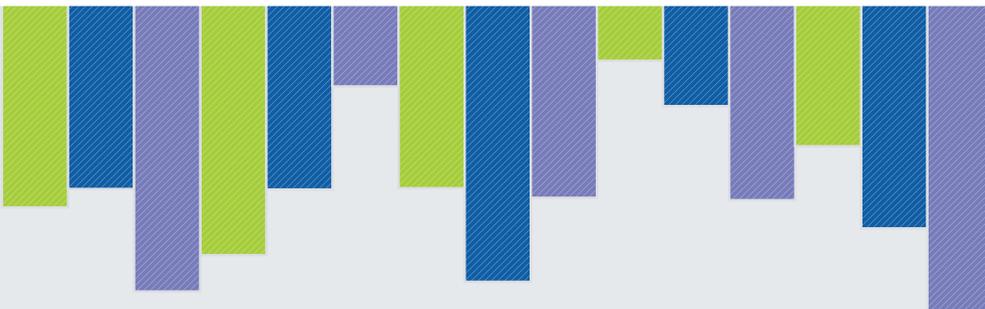
**Harvard  
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ANALYTIC SERVICES



RESEARCH REPORT

# Cultivating Workforce Well-Being to Drive Business Value



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## SPONSOR PERSPECTIVE

In 2019, Indeed set out on a journey to understand what people are looking for in the workplace. We learned that compensation and flexibility are basic needs, but elements such as belonging, trust, a sense of purpose, and appreciation have equal if not more importance. Ultimately, to no one's surprise, *how people feel at work matters*. In service of job seekers, we began asking Indeed users how they feel at work. Three million surveys later, we are sharing that data with the world through the Work Happiness Score on Indeed Company Pages.

We had no idea how timely this would be.

The radical shifts in our global climate have required us to adapt quickly in order to preserve the fundamental needs of our businesses, employees, and customers. The world of work has changed, people have changed, but elements that drive well-being are coming into laser focus. Through this uncertainty, belonging, purpose, and trust are more important than ever. The old expectations encapsulated by phrases such as “work-life balance” are taking on new meaning and new requirements.

It is time to reevaluate the standard dimensions of workplace culture and reveal the ones that will actually support greater retention, engagement, and overall success.

According to this new research from Harvard Business Review Analytic Services, it is clear that business leaders believe these metrics around human capital are not only important to individuals but also vital to organizational success and society as a whole. Just as we reevaluate business revenue and profitability, it is important to prioritize a deeper understanding of our people and their well-being at work. Each day that passes presents a new opportunity for individuals and companies to come out of these unprecedented times stronger, happier, and more prepared to thrive in the workplace.

I encourage readers to approach the insights of this report, sponsored by Indeed, as an invitation to reevaluate their approach to human capital. The data and the stories inside paint a vivid picture not just of what is possible on the horizon but also what is critical now and always for our collective well-being. We have the unique opportunity to contribute to rebuilding the world of work. Together, let's strive to build the best possible version of it.



**Paul Wolfe**

**SVP/Head of Global Human Resources**

**Indeed**

# Cultivating Workforce Well-Being to Drive Business Value

This decade will be remembered as an era of dramatic change for workers. Amid the ongoing digital transformation that has been reshaping the workplace over the past decade, many workers had to learn new ways to do their jobs in a matter of days, whether at a distance, around the clock, or facing financial or safety risks they never imagined they would face, due to Covid-19. Some of the wrenching changes brought on by the global pandemic are now part of the social contract that organizations have with their workers—an unwritten understanding that workforce well-being is essential not only to individual workers but also to the success of the entire organization.

For employers, this crisis has highlighted one guiding principal: workers need to know they can trust their employers to keep their well-being in mind. Workforce well-being is built on a foundation of workplace policies and practices that encourage and support individuals in all aspects of their work. This foundation ranges from the very basics, such as fair pay, to the higher ideals of demonstrating respect and appreciation, setting and supporting achievable goals, and maintaining trust and safety—all of which help generate happiness and a culture of well-being among employees.

The concept of workforce well-being has been evolving for years. Seventy-six percent of the 1,073 U.S. executives surveyed recently by Harvard Business Review Analytic Services say expectations about workforce happiness are higher now than they were five years ago, yet only 51% can say their workforce is happier. There is clearly a need to better understand and evaluate the factors that contribute to workforce happiness and well-being. Some organizations

## HIGHLIGHTS



87% of survey respondents believe workforce well-being can give their companies a **competitive advantage**



79% agree that unhappiness among some of their workforce is **hurting productivity**, and 75% agree it is leading to unwanted turnover



76% say **expectations about workforce well-being** are higher now than five years ago



19% of organizations have a workforce **happiness strategy** in place and stand out as "happiness leaders"

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Ultimately, organizations that take the lead in creating a culture of well-being understand the link between workforce happiness, engagement, and success, while those that continually disappoint their workers see higher turnover and lower productivity.

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are learning the hard lessons of what happens when the idea of workforce well-being is not a priority—particularly when they squander trust or fail to listen to employees.

People expect more from their work than a job and a paycheck. Pay still matters, of course, but to truly thrive, workers need to understand how everything they do contributes to their organization and the overall mission. In other words, they need a sense of purpose. In fact, 70% of the executives surveyed report that a sense of purpose is the top driver of workforce well-being and happiness. Through a strong sense of purpose, workers can find energy, belonging, motivation, and fulfillment. Respondents also report that workers who know they are appreciated and who trust their employers, managers, and coworkers are far more likely to bring energy, creativity, and drive to accomplish their work.

Creating a culture of well-being at work can be difficult to achieve and elusive to measure—if it is quantified at all. Productivity metrics and workforce engagement surveys can be a proxy for workforce satisfaction. But at best, they only highlight problems; they don't identify solutions, and such sensitive measures aren't widely shared inside or outside the organization.

Organizations can create a culture of well-being at work through a better understanding of what workers need and want from their work. But at many organizations, there is often a gap between what employees want and what employers think they are offering. The research that follows seeks to shed light on how employers and business leaders view workforce well-being, what they're doing about it, where the disconnects are, and how it impacts their business. This new era for the workforce creates context for and urgency about the importance of well-being, its influence on organizations, and ways it can be achieved. Ultimately, organizations that take the lead in creating a culture of well-being understand the link between workforce happiness, engagement, and success, while those that continually disappoint their workers see higher turnover and lower productivity.

“The workforce is impacted by all sorts of things,” notes Josh Bersin, founder of the Josh Bersin Academy, a professional development organization for human resources. “There is a journey that companies have to go through to understand the dynamics of well-being, establish a means for regular feedback, and—most importantly—act on those insights.”

Workforce well-being is built on a foundation of workplace policies and practices that encourage and support individuals in all aspects of their work. This foundation ranges from the very basics, such as fair pay, to the higher ideals of demonstrating respect and appreciation, setting and supporting achievable goals, and maintaining trust and safety—all of which help generate positive emotions and happiness and a culture where employees can thrive.

## Key Attributes of Workforce Well-Being

Creating an environment where workers feel they can do their best work requires an understanding of purpose at every level. Executives in the survey ranked many interconnected factors that contribute to workforce well-being—relationships with colleagues and managers, a sense of belonging, and enjoying the work, to name a few. Of course, pay matters, too. But it ranks fairly low as a driver of happiness in the workplace. Only a third of respondents named compensation as one of the top drivers of workforce happiness. **FIGURE 1**

Many studies find that the correlation between wages and happiness is anything but clear. Sonja Lyubomirsky, professor of psychology at the University of California, Riverside, surveyed existing research and noted that income may facilitate well-being by allowing people to meet certain basic needs. But she adds, “at higher levels of income, the relationship between happiness and income appears to be influenced by other factors, such as individual desires, expectations, and social comparisons.” Essentially, money can buy happiness, but only up to a point.

Instead, the three factors that stand out most in the survey are purpose, trust, and appreciation.

Purpose sounds like a lofty ideal, but sometimes it comes in unexpected pathways. FSG, a research and consulting firm, identified policies and practices with a proven track record in retaining frontline workers. “A lot of the success stories were related to purpose as well as a strengthened relationship between the employee and the company,” says Fay Hanleybrown, managing director at FSG. At The Gap, for example, managers meet with interns hired through a special program for at-risk youth and explain how even small

things they do, such as keeping the shelves neatly stocked or making eye contact with customers, relates to making the store a better place to work and more profitable. “Making this direct connection between what seem like pretty basic tasks and part of their work to the success of the business has a dramatic impact on that person’s experience of their own job and how they’re contributing to their team and to their store,” says Hanleybrown. The young people who come through this internship have twice the retention and engagement rates of employees they hire through normal channels.

For Iris Ware, chief learning officer for the city of Detroit, purpose means drawing a line of sight for the 9,000-plus municipal employees she works with to help them understand how what they do every day supports their department and the mayor’s office and the impact that it has on the lives of people who live in Detroit. “And it should be something that’s beyond the money,” she explains. “If an employee knows what to do, how it matters, how it moves the needle, and how it makes things better, then even if they don’t trust the leader or trust someone else, they’ll stay focused on that work because they understand why they exist in that space.” When people are assigned ownership based on their skill level and passion in a particular area, such as web design, it helps them maintain some level of autonomy and ownership. Autonomy and ownership help them, and knowing their scope of responsibly aligns their purpose with their contribution to the organization’s success.

Appreciation is another major driver of workforce well-being. People like to be lifted up and recognized for what they do, explains Hanleybrown. “One of the evidence-based practices is personalized recognition,” she says. “Southwest Airlines, for example, gives customers lots of opportunities to highlight the employees who are doing a great job. They promote recognition internally as well, and that personalized recognition has a real impact.” Notably, Southwest Airlines’ retention rates are far better than those of other major airlines.

Trust is one of the more elusive drivers of workforce well-being—and one of the most powerful determinants of workplace happiness, according to the survey. This finding is confirmed in a study of the best places to work that found little correlation between workforce happiness and different pay practices, training programs, and various employee resources. “What does correlate to happiness is trust,” says Bersin. “Do I trust the people running this company? Do I trust this company to do the right thing?” For many, the answer is no.

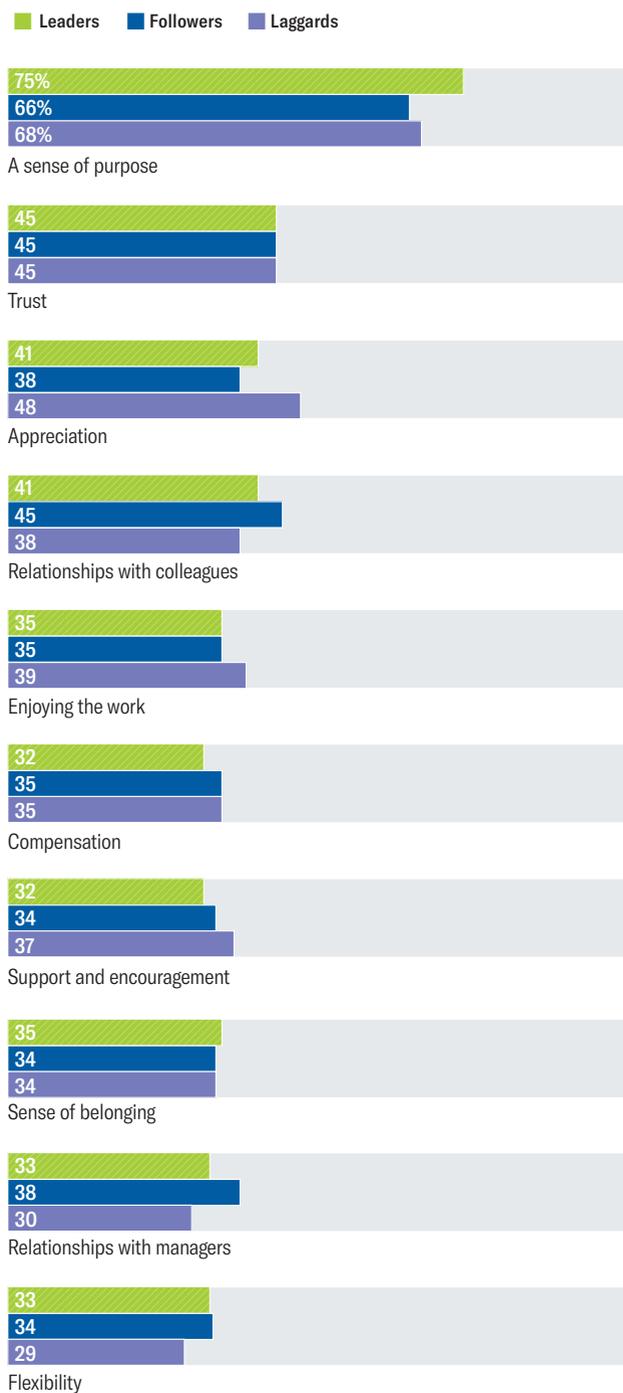
“Trust is a complicated thing, but I believe it comes down to three fundamentals: ethics, competence, and voice,” Bersin Academy’s Bersin says. Business leaders should, first and foremost, tell the truth and make decisions that are good for customers, society, and the environment. They should hold themselves accountable. And they should listen to employees, share what they learn, and take action.

FIGURE 1

## A Sense of Purpose

Purpose, trust, appreciation, and getting along with colleagues matter more than compensation

What do you believe are the top drivers of happiness at work?



Source: Harvard Business Review Analytic Services Survey, November 2019

Most executives recognize that their organization has great influence over the happiness and well-being of their workforce, but the survey shows that senior leadership seldom takes the lead in crafting the policies and priorities to create a happier workplace.

For Kim Lopdrup, CEO of casual dining chain Red Lobster, trust is built on candor and transparency—especially when delivering painful news. He has managed a few crises in his career and learned some valuable lessons. A few years ago, he was brought in to turn around a company that was losing money. “We had to do some really hard things, but we did them in a really transparent way. We told people that we were planning a restructuring to reduce costs and on what date we would announce the new structure. When the day came, we informed everyone who was affected personally and then announced the new strategy and structure to the whole company. We promised that there were no other shoes to drop, and we kept that promise,” he explains. The company regained profitability immediately, and in the next employee engagement survey, the percentage of employees saying they planned to be with the company in five years had tripled. What’s more, within three years, profits grew to 82% above the previous record.

Now, as the CEO in an industry hit hard by the global pandemic, he is relying on those principles more than ever. “I think at the end of the day, if you have only one thing, that one thing has got to be trust. And trust is a very fragile thing,”

Lopdrup says. “We have had to furlough a lot of people, and I have taken my salary down to zero. I’ve been very transparent about what we’re doing and why, and I have been amazed how well the organization has responded. They know we’re doing everything possible to make sure this company survives so we can return to being a great employer in the future,” he adds.

### Insights from the Leading Edge of Workforce Well-Being

There is universal agreement that a happier workforce is good for the individual, for business, and for society at large. Nearly all surveyed executives (96%) believe that a happier workforce makes it easier to retain talent. In addition, 87% say workforce well-being is a competitive advantage for companies. **FIGURE 2**

For the city of Detroit’s Ware, this finding challenges the notion that the war for talent was ever an accurate metaphor for attracting, retaining, and maintaining a thriving workforce. “The real war is the struggle that employers have because they’re not creating an environment that includes workforce happiness. If you have a poor environment, if you don’t treat people well, nobody wants to work for you. Where people are treated well, there is no fight for talent. People will line up to work for you because they want to become a part of your team,” she explains.

Despite the clear benefits of workforce well-being, only a third of organizations have made it a strategic priority. And of those, only half have a strategy in place to drive it; this equates to just a fifth (19%) of organizations overall. For the purposes of this report, these organizations are the happiness leaders. Followers are those who see workforce well-being as a strategic priority but primarily as an HR issue; with 42% of total respondents, they are the largest group. Laggards—those who do not prioritize workforce well-being—make up 35% of respondents.

Happiness leaders hold more strongly to the view that workforce well-being is central to business success. “When people aren’t happy, they leave, and that brings a huge cost of business interruption as well as time spent hiring, recruiting, onboarding, and training,” says Bersin. When it comes to the most important factors that drive organizational success, workforce happiness is second only to the happiness of customers, but for leaders, they are nearly equal. **FIGURE 3**

Workforce well-being contributes to collaboration and innovation, as well. Lyubomirsky and colleagues report that

FIGURE 2

### Workforce Well-Being Gives Companies a Competitive Advantage

A happier workplace is better for people, business, and society

Do you believe that being a happier place to work than your competitors:



Source: Harvard Business Review Analytic Services Survey, February 2020

FIGURE 3

## Workforce Happiness Is Key to Organizational Success

Only customer happiness is more important

What factors are most important to the success of your organization?

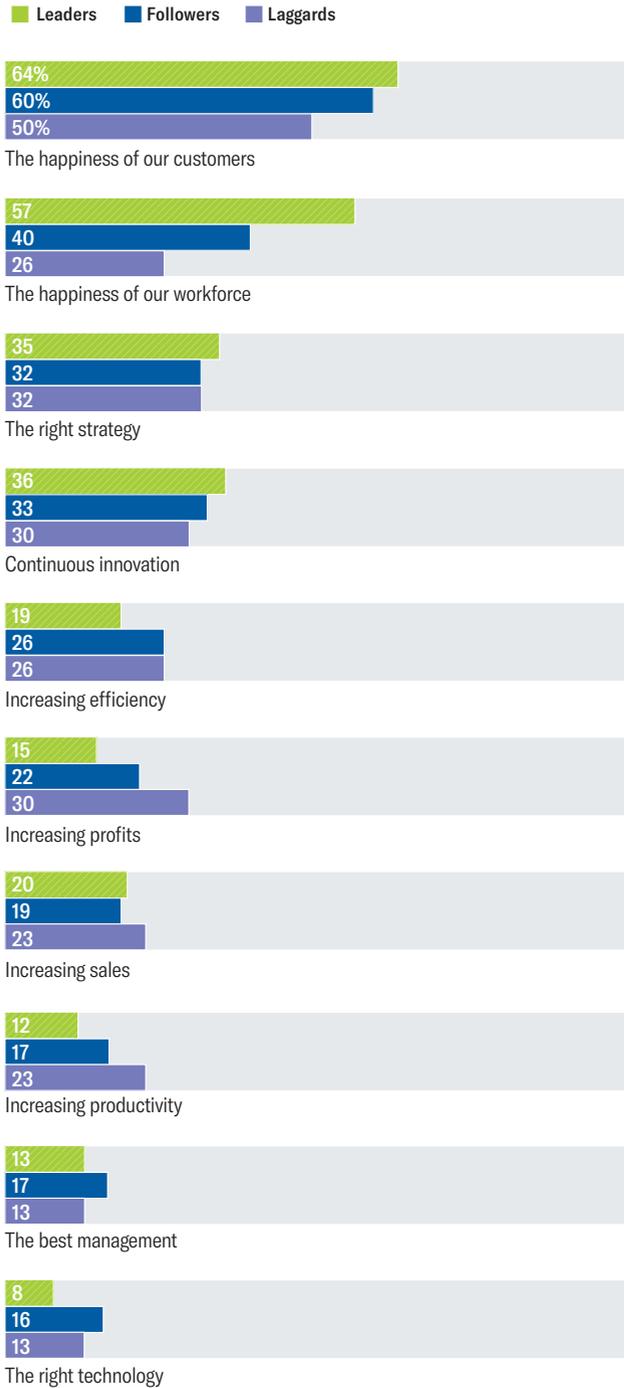
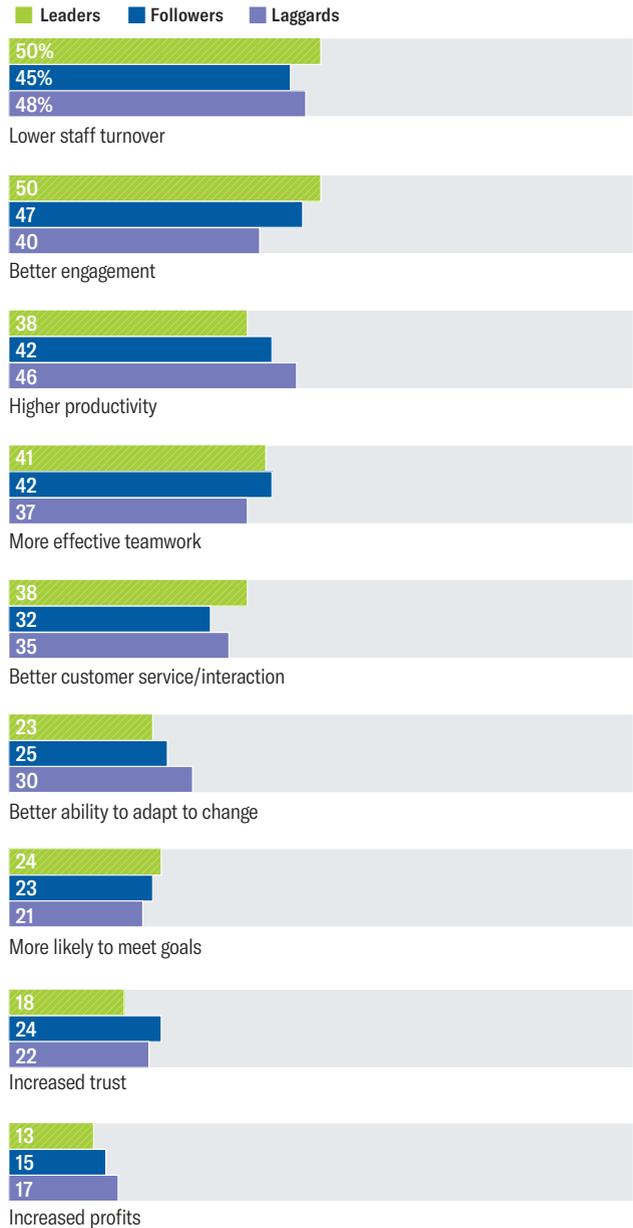


FIGURE 4

## Leaders Value Engagement Above Productivity

Lower turnover is seen as the main benefit of workforce well-being

Which of the following business benefits would you expect to see with a happier workforce?



Source: Harvard Business Review Analytic Services Survey, November 2019



**Engagement is what employers want from their workers. Well-being, on the other hand, is what workers want for themselves—and what enlightened employers want for their workers.**

happy people are relatively more likely to help coworkers and customers, and they are more invested and involved in their jobs.<sup>1</sup>

They also tend to produce and sell more. Customers like to do business with companies where they interact with people who are happy. Leading organizations recognize that the most valuable benefit of a happier workforce is increased engagement, suggesting they see a link between happiness, engagement, and success. Respondents classified as followers and laggards, however, are more focused than the happiness leaders on productivity. **FIGURE 4**

### Misalignment between Employers and Employees

Lower turnover, better engagement, and higher productivity make the case for workforce well-being clear. So why are so many organizations failing to make a commitment to a strategy that would support a happier workplace?

The biggest problem, says Bersin, is that the bottom line for most CEOs is more important than anything else, and some business leaders don't equate that with workforce happiness. When companies are too focused on their financials, they can forget what made them successful in the first place. "Financial performance is dependent on the commitment and goodwill of your people, period. If they're not well trained and engaged, you'll eventually have problems with turnover, customer service, and a lack of willingness to adapt to business change. And right now, change is the biggest thing companies are dealing with."

In fact, most firms fail to make the link between workforce well-being and profitability. When asked which business benefits they would expect to see with a happier workforce, increased profitability was ranked lowest—only 15% expect to see better profits as a direct result of a happier workforce.

At the same time, there is a huge disconnect between the strategic intentions to improve employee well-being and executive leadership taking ownership of a strategy at many organizations. Nearly all executives (95%) feel they have some degree of control when influencing the happiness of their workforce, yet nearly half of them then go on to say that the individual bears most of the responsibility for their happiness. Just 24% say the CEO or top management are responsible. Despite recognizing organizations' level of control, most of the responsibility for an individual's happiness at work is perceived to lie with the individuals themselves and not with those who direct organizational strategy and policy.

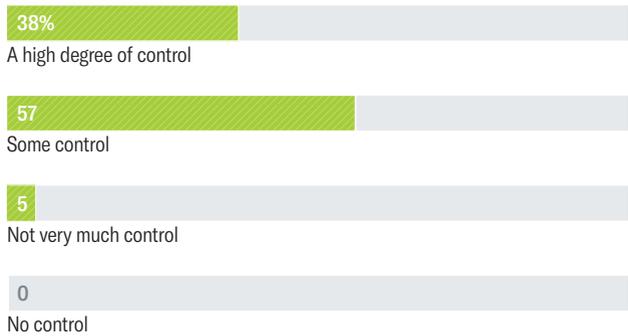
There is also a significant gap between what organizations offer to support workforce well-being and what most workers actually want. Since the great majority of executives believe the organization has control when it comes to influencing workforce happiness, it would be reasonable to expect that senior leadership would take the lead in closing this gap, but the survey shows this is not the case. **FIGURE 5**

FIGURE 5

### Organizations Can Influence Workforce Well-Being

Almost all agree that creating a better work environment is within the control of the company

How much control do you believe your organization has when it comes to influencing the happiness of its workforce?



### But Senior Management Does Not Take Responsibility

Individuals and their supervisors are in charge of their own well-being at most organizations

Who bears most of the responsibility for an individual's happiness at work at your organization?



Source: Harvard Business Review Analytic Services Survey, February 2020



There is wide agreement that engagement and happiness are driven by the same dimensions and that engagement studies currently do not go far enough to measure individual well-being.

Another complicating factor is a shift in expectations about workforce well-being. Three-quarters of the executives surveyed say that expectations for workforce well-being are higher now than they were just five years ago, yet only half (51%) can say their workforce is happier.

These changes are being driven in part by a generational shift. FSG's Hanleybrown sees much higher expectations among Millennials for meaning, purpose, and leading with values. The overwhelming majority of executives surveyed say that younger generations expect more of their employer when it comes to their personal happiness at work. "You're really seeing the ripple effect of that now in the corporate sector," Hanleybrown says. "At the same time, many practices aren't changing, and that's creating a lot of frustration."

Work-life balance is another area where there is a growing disconnect between what many organizations are doing and what workers actually need. Gaming, for example, is an industry that has long struggled with a lack of work-life balance, says Crystal Sanchez, chief of staff in Microsoft's gaming organization. As a mother working in a male-dominated field, she has experienced the 3 a.m. emails and the extremely driven, unforgiving nature of the work her entire career. "It's up to leaders to remind their teams not to work themselves to death," she says. Survey respondents generally agree; two-thirds of executives say the responsibility for work-life balance is shifting to the employer.

In an always-on work environment, downtime can seem like a luxury. But there are many studies that show shorter working hours actually increase productivity. Downtime is also an essential part of the creative process. "I get my best ideas on the weekend," says Sanchez. "But sometimes when you have a very passionate workforce, they forget their boundaries, and it's really great when your direct manager can say, 'I appreciate everything you're doing, but I really want you to take care of yourself so that you show up better at work for yourself, for the customer, and for the team.'"

## Cultivating and Measuring Workforce Well-Being

What do organizations need to do to turn the tide? Once an organization decides to prioritize workforce happiness, one of the best ways to improve it begins with one simple act: listening to workers. Then employers can develop a strategy and a means to gauge employee happiness, consciously modeling management styles that contribute to workforce well-being. To do this, organizations need to invest time, money, and thought into creating an employee listening strategy. Surveys help, but there is far more that can be done to give workers a voice. "Create teams that search for stories. Share what you learn. And take action," says Bersin.

Ware already lives by this wisdom. "A good leader is listening to employees because they're engaged in what's happening on a day-to-day basis. Typically, they are anticipating what's next, and when we fail to listen, we lose a lot of opportunities to create a great workplace and meet objectives in a way that we can't always anticipate," she explains. Not all feedback is useful, of course. Sometimes people just need to vent. "But communication builds trust. It gets the buy-in going," she says.

Communication, however, does not always lead to action. Sometimes it can lead to inadequate responses. Engagement surveys are a case in point. Two-thirds of organizations use surveys to help them measure employee engagement. But what happens to the feedback from those surveys? As one survey respondent explained, "The survey tool we use catches only extreme issues. Lesser issues are suppressed due to pressure from the entire management chain-and-reward mechanisms."

Ware has seen this play out in previous positions. "The engagement survey is like a contact sport," she explains, defined by the leadership team's desire to tick a box and address surface issues, and not to listen to employee concerns. If senior leadership doesn't like the results of an engagement survey, they assume it's because workers don't understand why they should be happy with senior management's decisions. Focus groups are formed and meetings are scheduled so HR and middle-management supervisors can explain to workers why they should feel more engaged and happier at work—rather than listen or do a realistic assessment of employee issues.

The idea of workforce engagement is already self-limiting, and business leaders should think beyond these types of surveys in developing their strategies to improve workforce well-being. Engagement is what employers want from their workers. Well-being, on the other hand, is what workers want for themselves—and what enlightened employers want for their workers.

There is wide agreement that engagement and happiness are driven by the same dimensions and that engagement studies currently do not go far enough to measure individual well-being. In fact, more than half (62%) of respondents say engagement surveys don't go far enough to measure workplace

happiness. Only a quarter of organizations surveyed have separate questions or metrics to cover aspects of workforce well-being. Happiness leaders in the Harvard Business Review Analytic Services survey are twice as likely as others to have separate workplace happiness metrics in place (48%, versus 26% for followers and only 14% for laggards).

Whether or not they have separate workforce well-being metrics, most organizations believe it would be useful to benchmark workforce happiness against that of other organizations.

Organizations have been testing and implementing a range of cultural, talent-management, and working flexibility options to support their people. The happiness leaders have worked hardest to introduce a wide range of measures, and they plan to push more new initiatives in the coming year. The cultural, training, and reward-based initiatives being undertaken and in the pipeline include improved diversity and inclusion, more transparency around strategy, and practice and learning opportunities. **FIGURE 6**

Ultimately, for any initiative to succeed, it must be rooted in listening and acting upon what workers need most. According to one study, creating an environment where workers feel forced to act happy may backfire, leading to greater emotional exhaustion and burnout among employees.<sup>2</sup> “Instead, organizations are likely better served by carefully attending to the authentic happiness of their employees by building conditions and environments that allow workers to thrive,” says Lyubomirsky. Creating more learning opportunities, for example, may contribute little to workforce well-being if people are worried about child care or the future of the company.

## Focusing on the Middle

After setting clear goals and metrics, organizations need to shift responsibility for workforce happiness from the individual employee to leadership, setting direction from the top and incentivizing managers to listen and take action.

Mid-level managers are key to employee well-being but are often overlooked, says Jan-Emmanuel De Neve, associate professor of economics and strategy at Saïd Business School at the University of Oxford. “Most executive education tends to be reserved for top-level executives, not the managers leading teams at the coalface [those at the front of the front lines]. These mid-level managers need much more attention, they need to be given skills, they need to be given the room to grow and become good managers, because they essentially run the organization,” he explains.

Instead, managers—particularly frontline managers—are usually trained in things like operational efficiency, profit and loss (P&L) management, supply chain—the nuts and bolts of the core business, says Hanleybrown. “Very few frontline managers are trained in people management, and even fewer are trained to work with populations that might have different

FIGURE 6

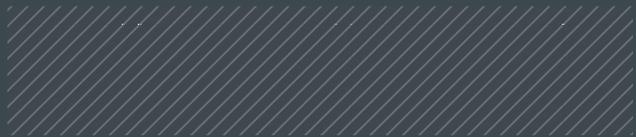
## Leaders Focus on Training, Flexibility, and Career Paths

Programs from the past three years cover learning, development, and cultural initiatives

What programs or initiatives has your organization created or tested in the past three years to improve happiness at work?



Source: Harvard Business Review Analytic Services Survey, February 2020



**86%**

**of leading organizations' direct line managers feel the burden of responsibility for employee well-being and care deeply about it—and they feel well placed to enhance their people's happiness.**



## Improved career development and greater transparency are among the most widely practiced initiatives to improve workforce happiness among leaders in the survey, as is improved performance recognition.

backgrounds from their own or are experiencing different challenges at home,” she explains. “There is a huge opportunity to develop more frontline manager training that is focused not just on operational efficiency but on people management.”

There is an old adage that people don’t quit organizations—they quit their managers. “But they really do quit the organization, because the organization allows the manager to behave in ways that make it uncomfortable to work there,” says Ware. “If the organization or its leaders demanded that supervisors create a better environment and they support it, as well, then people wouldn’t quit.”

The survey finds that 86% of leading organizations’ direct line managers feel the burden of responsibility for employee well-being and care deeply about it—and they feel well placed to enhance their people’s happiness. By contrast, a stunning 43% of laggards say their managers do not care about their direct reports’ happiness.

At the same time, generational changes are affecting how workers feel about the way they are managed as well as transparency about who is chosen to be in charge. Top management at PepsiCo Beverages North America (PBNA) realized there was a problem when they did an assessment of tenure at the company. Roughly two-thirds of employees had been with the company 20 or more years or less than five years. There was a huge gap in the middle and a search was done to figure out why, says Nikesh Patel, manager of strategy and transformation at PBNA and a self-described Millennial. Questions were asked. “Are people discouraged from moving up the ranks? Is it a culture issue? Is it a financial issue? What’s the reason for mass attrition at around six, seven, eight years into someone’s job at PBNA?” he explains.

These questions led to a cultural shift at the company in transparency, autonomy, and recognition. “PBNA wants to provide lower-level people with more autonomy in their jobs, more ability to take risks, and to recognize them more for their work, even though it might not necessarily translate to short-term P&L results—just making sure that they are rewarded for doing the right thing.”

The company is also changing the way people managers are trained and incentivized. “We have a new kind of culture agenda in place where a lot of leadership—people managers, senior managers, director level, and above—are not goaled only on achieving specific P&L or business results,” says Patel. “They’re also goaled on trying to install a specific culture at PBNA.” This goal setting includes recognizing employees for

the work they put in and encouraging employees to voice their opinions freely to create a more collaborative work environment. “If you can give people the right goals, the right incentives, and the right platform, you can influence their actions,” he says.

Improved career development and greater transparency are among the most widely practiced initiatives to upgrade workforce happiness among leaders in the survey, as is improved performance recognition. What is unusual at PBNA is the willingness of top management to take responsibility and action across the company. Only 20% of happiness leaders from the survey have tasked senior managers with responsibility for workforce happiness, and a mere 10% of all respondents have tried it. The right leadership can make a difference: 72% of leading organizations agree their workforce feels happy at work most of the time. Only 18% of laggards agree to the same.

For Patel, this cultural shift is more relevant than ever. “We need to make sure that, despite the broader, macroeconomic changes that are happening now, we’re still aiming toward our North Star.”

De Neve outlines several approaches that employers can take to make sure that appreciation and recognition are part of the employee experience. One is by instating a peer recognition program that emphasizes positive contributions. Sometimes the recognition itself is enough, but incentives can help. For

### Steps for Driving Happiness in the Workforce

- Make workforce well-being a priority
- Develop a strategy to listen and act on worker needs and concerns
- Establish mutual responsibility between individuals and the organization
- Maintain trust through transparency and honest communication
- Incentivize managers to prioritize their workers’ well-being



## Making workforce well-being a priority and then developing a strategy to manage it are two initial steps to driving workforce happiness.

example, some organizations have an incentivized program where they set aside a bonus pool, and employees decide among themselves who has gone beyond the call of duty and who has been a fantastic colleague. This initiative also creates a more participatory workplace. “It gives people more of a sense of agency, and it gets teams to work together and feel like they actually have a say in processes,” De Neve says.

Finally, top leadership needs to consider how every action it takes will affect trust throughout the organization. No one will do their best work if they do not believe their safety and their contribution are valued.

### Conclusion

Most executives recognize that their organization has great influence over the happiness and well-being of their workforce, but the survey shows that senior leadership seldom takes the lead in crafting the policies and priorities to create a happier workplace.

Making workforce well-being a priority and then developing a strategy to manage it are two initial steps to driving workforce happiness. Business leaders should

commit to listening to workers and measuring happiness and engagement with specifically designed metrics. These should include mechanisms for listening to employees and clearly understanding their wants and needs so that the gap between what organizations offer and what employees want can be closed.

Happiness leaders recognize that they have a significant influence on the well-being of their people. By taking more responsibility for driving workforce happiness, organizations can expect to be far more effective in building a workplace where everyone can thrive in the era ahead—and be far ahead of competitors in the new era for the workplace.

“The best places to work have one thing in common: senior leadership understands that they are in the people business,” says Bersin. “Whatever the company does, whatever product they make or service they deliver, that actually isn’t the business they’re in. They’re in the business of hiring and managing and developing the people that deliver that thing.”

### Endnotes

1 L.C. Walsh, Julia K. Boehm, Sonya Lyubomirsky, “Does Happiness Promote Career Success? Revisiting the Evidence,” *Journal of Career Assessment*, 2018, <http://sonjalyubomirsky.com/files/2012/09/Walsh-Boehm-Lyubomirsky-2018-1.pdf>

2 Ibid.

## METHODOLOGY AND PARTICIPANT PROFILE

A total of 1,073 respondents drawn from the HBR audience of readers (magazine/ newsletter readers, customers, HBR.org users) completed the survey.

### Size of organization

**27%**  
10,000 or more  
employees

**31%**  
1,000–9,999  
employees

**24%**  
100–999  
employees

**18%**  
Fewer than 100  
employees

### Seniority

**16%**  
Executive management/  
board members

**34%**  
Senior management

**26%**  
Middle management

**24%**  
Other grades

### Key industry sectors

**13%**  
Technology

**11%**  
Government/  
not-for-profit

**11%**  
Education

**10%**  
Financial services

**10%**  
Health care

**8%**  
Manufacturing

All other sectors less  
than 8% each

### Job function

**14%**  
HR/training

**13%**  
Operations/product  
management

**9%**  
Administration

All other functions  
less than 8% each

### Regions

**100%**  
United States

Figures may not add up to 100% due to rounding.



**Harvard  
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ANALYTIC SERVICES

## **ABOUT US**

Harvard Business Review Analytic Services is an independent commercial research unit within Harvard Business Review Group, conducting research on and comparative analysis of important management challenges and emerging business opportunities. Seeking to provide business intelligence and peer-group insight, each report is published based on the findings of original quantitative and/or qualitative research and analysis. Quantitative surveys are conducted with the HBR Advisory Council, HBR's global research panel, and qualitative research is conducted with senior business executives and subject-matter experts from within and beyond the Harvard Business Review author community. Email us at [hbranalyticservices@hbr.org](mailto:hbranalyticservices@hbr.org).

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