WHEN WORK WORKS

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SOCIETY FOR HUMAN
RESOURCE MANAGEMENT

SHRM'S EFFECTIVE WORKPLACE INDEX: CREATING A WORKPLACE THAT WORKS FOR EMPLOYEES AND EMPLOYERS

ISSUE

Although the needs of employers and of employees can often be perceived as at odds with each other, data show that there are important components of the workplace that can benefit both.

INSIGHT

Analyses of the SHRM 2016 National Study of the Changing Workforce reveal that there are components of the work environment that benefit employers by promoting employees' job engagement, job satisfaction and intention to remain on the job, and, at the same time, benefit employees by promoting better health and well-being and decreasing conflict in managing their work and personal/family lives. These components comprise SHRM's Effective Workplace Index, which consists of the following seven components: Job Challenge and Learning Opportunities; Supervisor Support for Job Success; Autonomy; Culture of Respect, Trust and Belonging; Work-Life Fit; Satisfaction with Wages, Benefits and Opportunities to Advance; and Co-worker Support for Job Success.

IMPLICATIONS

By identifying the factors that make work "work" for employers and employees alike, it is our hope that SHRM's Effective Workplace Index provides employers with a blueprint for action and, thus, for success!

KEY FINDINGS

In today's work world, the push for increasing productivity is intense, and technology has blurred the boundaries between work and non-work time. In fact, 51% of employees in the U.S. work on job-related e-mails outside regular work hours and 44% report that they have to work on too many tasks at the same time. Not surprisingly, 38% of employees feel overwhelmed by how much they have to get done at work.

Family responsibilities are demanding, too. More than four out of 10 employees care for children, and one out of 10 cares for elderly parents or relatives, helping with tasks that are difficult or impossible for them to do on their own. As a result, 46% of men and 43% of women experience work-family conflict on a regular basis.

It is little wonder that 37% of employees report sleep problems that affect their performance on the job and 46% experience three or more indications of stress sometimes, fairly often or very often.

Today's work and family landscape calls for new ways of working that can benefit both the employer and the employee. In response, we have spent the past 20 years on a research journey, first through the Families and Work Institute and now through SHRM asking: Can we find aspects of the work environment that "work" for both the employee and employer—that help them thrive?

Using data from the SHRM National Study of the Changing Workforce, we have, indeed, found aspects of work that help both employers and employees. Employers benefit when employees are engaged at work, satisfied with their jobs and commited to their employer, making them less likely to leave. Employees, in turn, benefit from better health and well-being and less conflict in managing their work and family lives.

We called the resulting data-driven model **SHRM's Effective Workplace Index**, which includes seven components illustrated in Figure 1.

FIGURE 1

SEVEN COMPONENTS OF THE EFFECTIVE WORKPLACE INDEX

Job Challenge and Learning Opportunities

Satisfaction with Wages, Benefits and Opportunities to Advance

Culture of Respect, Trust and Belonging

The Effective Workplace Index

Autonomy

Work-Life Fit

Supervisor Support for Job Success

Co-worker Support for Job Success

FINDINGS

Employees in highly effective workplaces are more than twice as likely to be highly engaged, satisfied with their jobs, and likely to remain with their employers than employees in workplaces with moderate or low levels of effectiveness.

As shown in Figure 2, employees in highly effective workplaces are more likely to be highly engaged than employees in workplaces with moderate or low levels of effectiveness:

- 55% of employees in highly effective workplaces are highly engaged, compared with 20% of employees in moderately effective workplaces and 7% of employees in the least effective workplaces.

There are similar differences for job satisfaction. With regard to retention, employees in more effective workplaces have a much higher probability of remaining with their employer:

- 77% of employees in highly effective workplaces are not at all likely to leave, compared with 30% of employees with low levels of workplace effectiveness.

FIGURE 2

PERCENTAGE OF EMPLOYEES REPORTING POSITIVE WORK-RELATED OUTCOMES, BY LEVEL OF WORKPLACE EFFECTIVENESS

High job engagement
- 55%
- 20%
- 7%

High job satisfaction
- 72%
- 31%
- 3%

High job retention
- 77%
- 55%
- 30%

■ High level of workplace effectiveness
■ Moderate level of workplace effectiveness
■ Low level of workplace effectiveness

n = 1329 to 1440
Source: SHRM 2016 National Study of the Changing Workforce

38%

of employees feel overwhelmed by how much they have to get done at work.

Some components of the Effective Workplace Index are more important than others, notably Job Challenge and Learning Opportunities, Work-Life Fit, and Satisfaction with Wages, Benefits and Opportunities to Advance.

Analyses illustrated in Table 1 were conducted to determine the relative importance of each component, controlling for all other components as well as key demographic factors.

46%

of men and 43% of women experience work-family conflict on a regular basis.

TABLE 1

RELATIVE IMPORTANCE OF EFFECTIVE WORKPLACE COMPONENTS IN PREDICTING POSITIVE WORK-RELATED OUTCOMES

Greater Engagement	Greater Job Satisfaction	Greater Probability of Retention
1. Job Challenge and Learning Opportunities 2. Work-Life Fit 3. Autonomy 4. Co-worker Support for Job Success	1. Work-Life Fit 2. Satisfaction with Wages, Benefits and Opportunities to Advance 3. Climate of Respect, Trust and Belonging	1. Satisfaction with Wages, Benefits and Opportunities to Advance 2. Work-Life Fit 3. (Less) Autonomy 4. Climate of Respect, Trust and Belonging 5. Job Challenge and Learning Opportunities

n = 896 to 955
Source: SHRM 2016 National Study of the Changing Workforce

55%

of employees in highly effective workplaces are highly engaged, compared with 20% of employees in moderately effective workplaces and 7% of employees in the least effective workplaces.

Employees in highly effective workplaces are significantly more likely to have excellent health status, low frequency of minor health problems, low frequency of sleep problems, low levels of work-family conflict, low levels of perceived stress and no signs of depression.
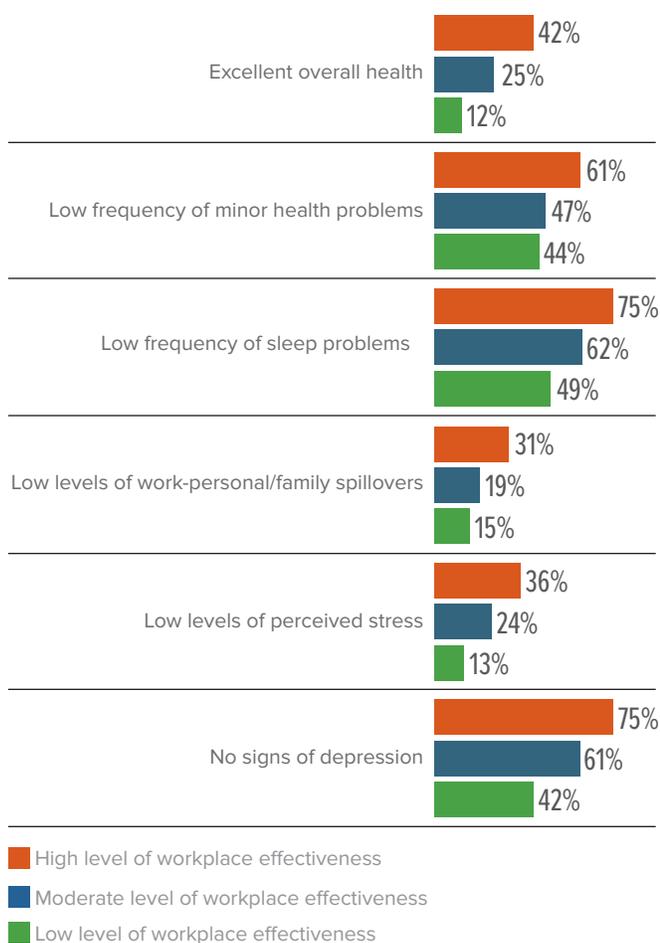
As shown in Figure 3, we found:

- 42% of employees in highly effective workplaces report excellent health, compared with 12% in the least effective workplaces.

- 75% of employees in highly effective workplaces report low frequency of sleep problems, compared with 49% in organizations with low levels of workplace effectiveness.

- As with work-personal/family spillover (a measure of how work negatively affects employees' energy, time and ability to concentrate or do a good job at home or the other way around), the overall levels of stress remain quite high across the board. However, 36% of employees in highly effective workplaces experience low levels of stress, compared with 13% of employees in organizations with low levels of workplace effectiveness.

- 75% of employees in highly effective workplaces report no signs of depression, compared with 42% of employees in the least effective workplaces.

FIGURE 3

PERCENTAGE OF EMPLOYEES REPORTING POSITIVE HEALTH AND WELL-BEING OUTCOMES BY LEVELS OF WORKPLACE EFFECTIVENESS

Outcome	High	Moderate	Low
Excellent overall health	42%	25%	12%
Low frequency of minor health problems	61%	47%	44%
Low frequency of sleep problems	75%	62%	49%
Low levels of work-personal/family spillovers	31%	19%	15%
Low levels of perceived stress	36%	24%	13%
No signs of depression	75%	61%	42%

- ■ High level of workplace effectiveness
- ■ Moderate level of workplace effectiveness
- ■ Low level of workplace effectiveness

n = 1322 to 1401
Source: SHRM 2016 National Study of the Changing Workforce

75% of employees in highly effective workplaces report no signs of depression, compared with 42% of employees in the least effective workplaces.

Satisfaction with Wages, Benefits and Opportunities for Advancement and Work-Life Fit are the most important predictors of positive health and well-being outcomes.

Analyses illustrated in Table 2 were conducted to determine the relative importance of each component, controlling for all other components as well as key demographic factors.

TABLE 2

RELATIVE IMPORTANCE OF EFFECTIVE WORKPLACE COMPONENTS FOR PREDICTING POSITIVE HEALTH AND WELL-BEING OUTCOMES

Better Overall Health	Less Frequent Minor Health Problems	Less Frequent Sleep Problems	Lower Levels of Perceived Stress	Fewer Signs of Depression	Lower Level of Work-Personal/ Family Spillovers
1. Satisfaction with Wages, Benefits and Opportunities to Advance 2. Autonomy 3. Co-worker Support for Job Success	1. Work-Life Fit 2. Satisfaction with Wages, Benefits and Opportunities to Advance 3. Co-worker Support for Job Success 4. (Less) Autonomy	1. Work-Life Fit 2. Satisfaction with Wages, Benefits and Opportunities to Advance 3. (Less) Autonomy	1. Work-Life Fit 2. Satisfaction with Wages, Benefits and Opportunities to Advance	1. Satisfaction with Wages, Benefits and Opportunities to Advance	1. Work-Life Fit 2. Autonomy

n = 910 to 955
Source: SHRM 2016 National Study of the Changing Workforce

TURNING THE INDEX INTO ACTION

Many of the components of an Effective Workplace Index are no-cost or low-cost and involve improving relationships between employees and their supervisors and among co-workers, creating a culture of respect, trust, belonging and work-life fit.

To promote more effective workplaces, employers can:

1. **Provide learning opportunities as a part of everyday work life.**

2. **Create a culture where supervisors support the job success of their teams.**

3. **Be mindful of the positive and negative repercussions of autonomy.**

4. **Foster workplace belongingness.**

5. **Support a culture of work-life fit.**

6. **Improve advancement systems.**

7. **Recognize and reward the importance of supportive co-worker relationships.**

CONCLUSIONS

Overall, 35% of employees in the U.S. are in workplaces that have at least three of the seven components of an effective workplace.

This finding has spurred us to greater action, given the repercussions for the health and productivity of the employees in this nation.

Over the past decade, we have turned the Effective Workplace Index into a rigorous worksite-based award that is earned after a thorough assessment that emphasizes the real-life experiences of employees and incorporates national benchmarks of employer practices. We call this program **When Work Works** to reflect our commitment to having work "work" for employers and employees alike.

Effective workplaces recognize that employees make a critical difference in the organization's ability to not merely survive but thrive. To be truly effective, a workplace—its design, practices and policies—must benefit both the organization and its employees. By identifying the factors that make work "work" for employers and employees alike, it is our hope that SHRM's Effective Workplace Index provides employers with a blueprint for action and, thus, for success!

PERCENTAGE OF EMPLOYEES IN HIGHLY EFFECTIVE WORKPLACES

All 7 dimensions of effective workplaces	4%
5-6 dimensions of effective workplaces	12%
3-4 dimensions of effective workplaces	19%
1-2 dimensions of effective workplaces	29%
0 dimensions of effective workplaces	36%

n = 982
Source: SHRM 2016 National Study of the Changing Workforce

METHODOLOGY

This Executive Summary was based on the findings from SHRM's Effective Workplace Index. National Study of the Changing Workforce data were collected Oct. 1-Nov. 5, 2015, via online and phone interviews by the Data Recognition Corporation (DRC), Inc. DRC initially drew the national sample, developed the computer-assisted telephone interviewing (CATI) program and online questionnaire, and conducted telephone interviews via random digit dialing (RDD). When it became clear that the RDD methodology did not result in a nationally representative sample of employees, Families and Work Institute turned to NORC and the *Amerispeak* probability panel. The results were weighted to the U.S. Census estimates of the population. The 2016 NSCW response rate was 16%, with the industry standard for similar studies at 5%-15%.

To construct the composite index of SHRM's Effective Workplace Index, we started with the 2008 six-component measure of effective workplaces and tested, through confirmatory factor analysis and reliability analysis, the effect of adding and removing various items and dimensions. We followed a few general principles:

- New items were considered for inclusion only if doing so was justified conceptually and based on a review of the research.

- New items were only added if doing so improved the reliability of the measure.

- Where empirical differences were minimal between original and revised measures, items were removed in favor of parsimony, particularly when the component already included more than four items. Further, in such a situation, the new item was only added if there was a strong theoretical case for its inclusion.

- Items were reverse scaled as necessary to ensure that all responses went from 1 = low to 3/4/5 = high in relation to effectiveness.

- All items were standardized before being combined into indices to ensure comparability.

- Each workplace effectiveness component ranged from 1 = least effective to 3 = most effective.

We created SHRM's Effective Workplace Index by averaging the seven components. All the components were then entered as standardized items in a linear additive index with each item (component) awarded the same weight (Cronbach's alpha for the 35 items is 0.95 and that for the seven components is 0.85). Principal Components Analysis with the seven components extracts one principal component.

Following prior work, we converted the index of overall workplace effectiveness to a three-point scale in which low = bottom 25% (bottom quartile) of scores, moderate = middle 50% (quartiles 2 and 3) of scores and high = top 25% (top quartile) of scores.

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