

## EMPLOYEE HAPPINESS A CRITICAL INGREDIENT FOR ORGANISATIONAL SUCCESS. EVIDENCE FROM SMALL AND MEDIUM ENTERPRISES (SMEs)

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### **Abstract:**

*The research sought to assess the impact of employee happiness on organizational success. The research was carried in the form of a case study, in which a sample of 160 employees from a population of 301 employees was used. Purposive sampling procedure was employed in selecting elements from a population of 301 employees. Questionnaires and interviews were used in triangulation to collect data on the sample. After analyzing the collected data, the study unearthed that happiness and organizational success go hand in hand as happy and satisfied individuals are relatively more successful in the workplace compared to their unhappy peers. The study recommended that organizations must treat employees as internal customers and make sure that they are always smiling.*

### **Keywords:**

*workplace happiness, optimism, openness, psychological wellbeing*

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## **INTRODUCTION**

Happy employees are critical for an organization's success. Studies have shown that being psychologically well has many benefits for both the individual and the company. Employees with high well-being tend to be superior decision makers and demonstrate better interpersonal behaviours (Morrow, 2011). Research also indicates that psychologically well individuals are more likely to demonstrate better cardiovascular health. When properly implemented in the workplace environment, positive emotions can enhance employee perceptions of finding meaning in their work. This is because, individuals who experience positive effect in turn become more motivated to invest time and effort, and overcome obstacles when pursuing their career goals.

### **Literature review**

This research is guided by Clark et al's (2004) set point theory of happiness. Set point theory is based on the assumption that some people are persistently happier than others. In the workplace some employees may tend to be happier in comparison to others. Even though these employees may have the same job demands, individual differences explain this diversity in set points of happiness. According to the set point theory of happiness, good and bad events temporarily affect happiness, but people quickly return to a relatively stable level of [happiness](#) despite major positive or negative events or life changes (Fujita and Diener, 2005). Set point theory demonstrates that a person's long term happiness is not significantly affected by negative events, however positive change can lead to lasting changes in happiness levels. Fujita and Diener (2005) argues that the set-point theories of happiness hold that people are programmed to experience a certain degree of happiness, largely irrespective of how well they are doing. It is also plausible that happiness tends to remain at a similar high level in the favorable and stable conditions of modern society. Yet set-point theory holds that the stability is not in the pre- conditions, but in the evaluation itself and that is not so plausible. Clark et al (2004) further states that, people have different set points, which are partly dependent on their temperaments. Individuals differ in their adaptation to events, with some individuals changing their set point and others not changing in reaction to some external event. According to this theory, as a person makes more money, expectations and desires rise in tandem, which results in no permanent gain in happiness. Set-point theory sees the evaluation as a stable attitude towards life and focuses more on the mental processes that maintain this attitude than on the processes that have brought it about.

### **Happiness**

Myers and Diener (1995) define happiness as the experience of frequent positive affect, infrequent negative affect and an overall sense of satisfaction with life as a whole. In addition, Fisher (2010) defines work happiness as pleasant judgments (positive attitudes) or pleasant experiences. Greenberg, Baker and Hemingway (2006) further define happy company as an organization in which everyone in each position is able to use their various strengths to creatively cooperate with others in achieving the same goal. In short workplace happiness can be simply defined as satisfaction with work and life.

### **Elements of Happiness**

#### **Psychological wellbeing (PWB)**

War (2007) argues that well being considers how people feel, function and how they evaluate their lives. He further states that hedonic aspect of well being refers to people's feelings or emotions such as happiness and anxiety. Eurofound (2013) further postulates that psychological well being presents a valuable opportunity which benefit societies by helping working individuals to feel happy, competent and satisfied in their roles.

#### **Optimism**

Seligman (2009) defines optimism as persons' expectations about the future. He further state that employees who think that their works end with desired outcomes tend to be happy, in contrast employees who see

defeat as an inevitable thing, struggle less in doing their works and in keeping their set objectives. Additionally, Fisher (2010) argues that optimism both in intrapersonal and interpersonal domain has several advantages, in intrapersonal domain, optimism relates to emotional well-being, effective coping strategies and even persons' somatic health.

### **Openness**

Fisher (2010) defines openness as person's tendency to adapt his behaviors and views in the face of new ideas and situations. He further postulates that like other personality traits, openness has some genetic origin. Rego (2009) posits that persons with high level of openness have less dogmatism about their beliefs, pay more attention to others beliefs and show greater flexibility in different situations, and there is a small probability that they deny conflicts. Open people try to enlarge their personal growth and development, thus openness can lead to experiences in life that facilitate happiness and success.

### **Emotion**

Marsella and Gratch (2002) define emotions as the state of mind that shapes our attitude towards people and events. Drevets and Raichle (1998) argues that there is an inverse relationship between emotion and thinking. When emotions are high (or intense) thinking will be impaired. They further argue that, physiological blood flow is altered from cognitive to emotional areas and attention is diverted to the strongest emotion.

### **Drivers of workplace happiness Employment Status**

Foroutan (2011) defines employment status as an employment related situation in which an individual is being held. Frey et al (200b) postulates that level of happiness differ depending on the employment status of an individual, that is if one is employed as part time or full time, their level of happiness is different because of the nature of contracts. Silla (2009) argues that workers consider job security as the core contributor to workplace happiness. In support, Bakke (1976) posits that unemployment is a process which takes a single form with shock as an initial element and once there is shock then there is no happiness. Sharing the same view is a study by Berger (2009) which revealed that there is a positive correlation between unemployment and workplace happiness. In contrast, a study by Nikolova and Graham (2014) revealed that there is an inverse relationship between nature of contract and workplace happiness. They propound that voluntary part time employees are much better in terms of happiness because they are able to balance their work and non work activities compare to full timers.

### **Income**

Mathur (2012) defines income as wage and salary earned by an individual. A study by Deaton (2008) showed that there is a positive linear relationship between income and well being among those whose basic needs have not been met. Additionally, Clarke et al (2008) argue that greater economic prosperity at some point cease to buy more happiness and this can be linked to the law of production and costs (Economies and diseconomies of scale). In contrast, a study by Richard (1974) revealed that increasing average income did not raise average well being a claim that is known as Easterlin Paradox. In support of Richard (1974), Xanthopoulou et al, (2010) posits that handsome salary package cannot always make the employee happy. Sometimes, rather most of the time, it is few words of appreciation, a pat on the back and simple facial gestures of acknowledgement that play potential role in boosting the morale of an employee and making him/her happy.

### **Work activities and Environment**

Siccama (2006) defines work activities as duties and responsibilities of employees. Nature of work determines how happy a worker is. Generally work activities which are manual tend to be hard and generate

boredom unlike white collar jobs. Koo (2008) states that there are environmental contributors to happiness. At the transient level of positive moods and pleasant emotions, immediate situational occurrences clearly are important in explaining variance in happiness within a person over time (Suh and Koo, 2008). For much of the history of organisational behaviour it has been assumed that the dominant causes of happiness or unhappiness in organisations were to be found in attributes of the organisation, the job, the supervisor, or other aspects of the work environment (Kesebir and Diener, 2008). At the organisational level, one might consider attributes of the organisation's culture and human resources practices as likely causes of happiness among organisation members (Veenhoven, 2004).

### **Personality**

It seems that genes and personality explain some of the person-level variance in happiness, with some individuals being naturally programmed to be happier than others (DeVoe and House, 2011). Individuals high on trait positive affectivity appear to be more sensitive and reactive to potentially rewarding situations and respond with greater increases in pleasant feelings, while those high on negative affectivity respond with stronger negative emotions in potentially punishing situations (Kesebir and Diener, 2008). Employees make efforts to be happy at work such as coping with stress and using drugs, alcohol and even nicotine to be happy (Fisher, 2010). Besides describing their job more positively, happy people are more satisfied with their jobs compared with unhappy people (Judge and Ilies, 2004).

### **Importance of workplace happiness Enhances organizational success**

Research proved that there is a positive correlation between happiness and organizational effectiveness as employees tend to be more productive, generate new innovative ideas, try to do the same job with different innovative methods to save time and this enhances organizational effectiveness. A research by Rafeli and Sutton (1989) on the role of emotions revealed that happiness and organizational success go hand in hand as happy and satisfied individuals are relatively more successful in the workplace compared to their unhappy peers. In support a survey by Jackson Organization (2011) showed that companies that effectively appreciate employee value enjoy a return on equity and assets. Sharing the same view is Nelson (2012) in her book entitled 'Make More Money by Making your Employees Happy' who states that when employees feel that the company takes their interest to heart, the employees will take company's interests to heart that is putting extra efforts for the betterment of the company.

### **Job satisfaction**

Fisher (2002) argues that happy people are also more satisfied with their jobs compared with unhappy people. A happy employee can find positives out of negative circumstances as well. In short, it has been found that happy people work better with others, fix problems instead of complaining about them, have more energy and consequently make better decisions because they will be enjoying their work. (<http://positivesharing.com>). Additionally, Forgas (1998) postulates that if employees enjoy their work they device ways to accomplish challenging tasks because they enjoy the work. In contrast, a study by Hackett and Guion (1985) revealed that dissatisfied employees are more likely to quit their jobs or be absent than satisfied employees. In addition Kohler and Mathieu (1993) argues that Job dissatisfaction appears to be related to withdrawal behaviors, including lateness, unionization, grievances, drug abuse, and decision to retire. Hulin et al. (1985) also state that these individual withdrawal behaviors shows that employees are not happy.

### **Customer satisfaction**

Boehm and Lyubomirsky, (2008) argues that happy people are more likely to help fellow workers and customers than unhappy people. Gibson (2006) states that customers must be treated as kings and given such

a background employees requires peace of mind and heart and this can only be achieved if employees are happy. Sharing the same sentiments is Erickson and Wharton (1997) who propounds that there is an increasing managerial emphasis on customer service, which involves employees' ability to express positive, upbeat emotions to customers and once this has been done customers will always call again. They further posit that management must concentrate on internal marketing that is treating employees as internal customer so that they will treat external customer as kings. Thoits and Hewitt (2001) argues that if employees are not happy they will always treat customer as their servants and customer satisfaction will be compromised.

### **Morale and loyalty**

Cornelius (1999) defines employee morale as depiction of emotions, satisfaction, and overall attitude towards a workplace. He further state that productivity is directly related to morale. Happy employees have high morale while dissatisfied and unhappy employees have low morale. Linz, et al (1997) measured employee morale, using job satisfaction, organizational commitment, turnover rates, complaints and employee strikes as a proxy. Grace (1994) posits that happier people are more likely to stay in their jobs and even when attacked by the poachers and headhunters employees preserve the knowledge and social capital tied up in their work relationships. Joplin (1997) argues that workplace happiness boost employee morale and in turn employees become loyal, creative, take initiative and focuses on achieving organizational goals rather than personal goals. In addition Daus (1997) postulates that low morale leads to high skiving, high turnover, unsolved complaints and strikes, thereby encumbering firm's performance.

### **Research Methodology**

The research adopted a case study research design in which both qualitative and quantitative techniques were used. The case study was chosen because the researchers had insufficient funds to carry a census of all small and medium enterprises in Harare. Results of the findings will be used to infer to the population of small and medium enterprises in Zimbabwe.

### **Study Site**

The study was carried out in Harare because there is high concentration of small and medium enterprises specializing in transport .Harare is also highly convenient to the researchers since the researchers stay in Harare.

### **Data Collection Instruments and sampling method**

Two hundred and ten questionnaires were administered on the sampled elements using purposive sampling. One hundred and sixty questionnaires were retrieved showing 53% average response rate which is way above the recommended 10 % by Best and Khan (2003). Questionnaires were used as appropriate research tools to reveal sensitive issues which respondents would otherwise feel uncomfortable to talk about in an interview. A pre-test survey was conducted in order to evaluate the validity and reliability of the questionnaire. Questions that proved to be unclear to the respondents were modified, rephrased or discarded. Key informant interviews were also used to obtain in-depth data from the selected few.

### Data Entry and Analysis

The data collected were analyzed using descriptive statistics or frequency distribution expressed in percentages and mean item score (MIS-Using 1,2,3,4 and 5 Likert Scale). Data interpretations were based on the results that emerged from the analysis.

**Table 1: Frequency Distribution and Descriptive Response of Participants**

	STATEMENT	N	SA	A	N	D	SD	MIS
1	Happiness means sense of satisfaction	160	100 (63%)	20 (12%)	5 (3%)	4 (3%)	31 (19%)	3.97
2	Workplace happiness fosters organizational success	160	54 (34%)	66 (41%)	1 (0.6%)	9 (6%)	30 (19%)	3.67
3	There is a positive correlation between income and workplace happiness	160	34 (21%)	44 (28%)	4 (3%)	52 (32%)	26 (16%)	3.06
4	There is an inverse relationship between workplace environment and employee happiness	160	24 (15%)	33 (21%)	3 (2%)	41 (26%)	59 (37%)	2.54
5	Happiness is an aggregate of optimism, psychological wellbeing, emotions and openness	160	49 (31%)	99 (61%)	2 (1%)	4 (3%)	6 (4%)	4.12

### Key

SA = Strongly Agree A = Agree

D = Disagree

SD = Strongly Disagree MIS = Mean Item Score

### Findings and Discussion

Statement one which focused on the definition of happiness showed affirmative response (MIS=3.97). The findings are consistent with Myers and Diener's (1995) definition which says happiness is the experience of frequent positive affect, infrequent negative affect and an overall sense of satisfaction with life as a whole. Sharing the same definition is Fisher (2010) who defines work happiness as pleasant judgments (positive attitudes) or pleasant experiences. The second statement revealed that majority of the respondents strongly agree and agree with the view that workplace happiness fosters organizational success (MIS=3.67). The findings are in line with a research by Rafeli and Sutton (1989) on the role of happiness. They revealed that happiness and organizational success go hand in hand because happy and satisfied individuals relatively put more effort for the benefit of the organization compared to their unhappy peers. In support a survey by Jackson Organization (2011) showed that companies that effectively appreciate employee value enjoy a return on equity and assets. Sharing the same view is Nelson (2012) in her book entitled 'Make More Money by Making your Employees Happy' who states that when employees feel that the company takes their interest to heart, the employees will take company's interests to heart that is putting extra efforts for the betterment of the company.

There was a balance of thought on statement 3, 78% of the respondents support the statement that there is a positive correlation between income and workplace happiness and on the other hand 48% of the respondents oppose the statement (MIS=3.06). Some respondents revealed that there is a positive correlation between income and workplace happiness. Their thoughts are supported by Deaton (2008) who postulates that there is a positive linear relationship between income and well being which is an element of happiness. Contrary, some respondents were of the view that there is a negative correlation between income and happiness. Their

thoughts are in line with Clarke et al (2008) who argue that greater economic prosperity at some point cease to buy more happiness and this can be linked to the law of production and costs (Economies and diseconomies of scale). In support, a study by Richard (1974) revealed that increasing average income did not raise average well being a claim that is known as Easterlin Paradox. Sharing the same sentiments is Xanthopoulou et al (2010) who posits that handsome salary package cannot always make the employee happy but rather few words of appreciation. On statement 4, 63% oppose the statement with as big as 37% of the respondents strongly disagreeing. However, 15% of the respondents strongly agree with the suggested statement giving us (MIS=2.54). The findings are in line Koo (2008) who states that there are environmental contributors to happiness. In support Kesebir and Diener (2008) argue that attributes of the organisation, job, supervisor and other aspects of the work environment are dominant causes of happiness or unhappiness. The fifth statement (MIS = 4.12) dealt with elements of happiness and the findings concurs with War (2007) who posits that psychological wellbeing, optimism, emotions and openness are elements of happiness.

### **Conclusion**

The study recognizes the reality of workplace happiness as a critical ingredient for organizational success. The mean item score for each statement has been shown on the table in which statement 1 topped (MIS= 3.97) while statement 4 ranked last (MIS=2.54).

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