



Happiness can be profitable

By investing in their Employer Brand, Top Employers invest in engaging and recruiting happy people. Stimulating happiness is not a soft relict from the seventies, but turns out to be one of the key indicators for high performing companies.

Money can't buy happiness. That's the old proverb, which is much disputed, especially by poor people. The other way around, it seems much more common sense: Happiness can't make money. And indeed, most people don't expect being happy could lead automatically to being prosperous. Yet, if 'asked what makes you happy?' having a job in which you can develop, you are appreciated and you can do meaningful things is ranked as high as sex, a stable family and friends. And that makes employee happiness a serious matter to invest in for employers.

National governments are beginning to realize models that we use to measure productivity are outdated. That's why French president Nicolas Sarkozy in February 2008 asked two Nobel-prize winning economists Joseph E. Stiglitz and Amartya Sen to identify the limitations of Gross Domestic Product (GDP) as an indicator of economic growth and social progress. He also asked them to suggest new economic indicators in which happiness and well-being were included. When Mr. Sarkozy presented the results in September 2009 he called them "revolutionary".

The critique on the way we measure our wealth is growing broader. The problem however is which indicators related to happiness you could use to measure the output of an economy.

Happiness and productivity

The research results of the CRF Institute indicate that there is no contradiction between productivity and the happiness of employees. In fact, Top Employers are no philanthropic institutions, but the practical measures with which they invest in their people coincides surprisingly with the factors so-called 'positive psychologists' identify as the ones that are crucial for being happy.

First of all there is the concept of flow, first coined in 1990 by the Hungarian psychology professor Mihaly Csikszentmihalyi. It is a state of mind people

experience when they are fully immersed in what they are doing. Happiness is the result of a feeling of energized focus, full involvement, and success in the process of the activity. A violist can get it by playing the violin, athletes for example by running a marathon and talented employees by finishing a project or presentation successfully.

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According to Jonathan Haidt, psychology professor at the University of Virginia, offering jobs in which employees regularly can experience flow is not enough to make working people happy and companies profitable. You don't have to ask an athlete or a musician what the purpose is of running a marathon or making music.

They are just happy doing it, despite the pain and hardship that comes with it, even if no one else in the world is interested in what they are doing. Professionals however performing a job also need a sense of meaning, a reason why they are doing it. They want to see a relation between what they are doing and meaningful results. And that is how Prof. Haidt connects happiness with productivity in his book *The Happiness Hypothesis* (2006).

According to 'positive psychologists' talent management and investing in learning and development improve happiness of employees. It is not the soft flower power happiness from the seventies, attacking capitalistic values like working hard, making money and making a career. Quite contrary, it is a concept of happiness *based on* those values. By creating an environment in which employees are happy, employers automatically create an environment in which they are productive. And the other way around: being productive makes people happy.

Acknowledging the benefits of a workforce of inspired employees doesn't mean companies should recruit and engage workaholics. Quite the contrary.

Workaholics turn into negative and cynic employees and ultimately get a burnout. For inspired people work is not an addiction, they know exactly when to stop and how to recharge their battery. But in spending their spare time inspired people are as eager and enthusiastic as in their working hours. That's why offering an acceptable work-life balance must be one of the key issues employers should pay attention to.

How profitable are happy employees?

Of course labour and organizational psychologists would like to know whether you can measure the impact of happiness on productivity. First of all, as professor Arnold Bakker of Erasmus University Rotterdam states in his inaugural address, research shows positive emotions help coping with difficult clients or deadlines and they make you more healthy. Most of all, they are contagious, which means

one or two 'happy' colleagues can uplift a whole team. But does that mean the companies they work for are more profitable?

International research shows that happiness of employees in terms of being inspired, experiencing a flow regularly and doing a meaningful job has a positive impact on performance and financial results. According to Prof. Bakker positive things like feedback by colleagues and executives, autonomy, coaching, education and development opportunities make employees more creative and innovative. And as a result those 'happy' employees are more inclined to benefit from HR instruments offered by their employer.

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The most important lesson companies can learn from 'positive psychologists' however, is that it is much better to focus on the positive than to invest in preventing or curing the negative. Instead of dealing with burnout, focusing on the uninspired and cynical part of your workforce, pay attention to the happy ones. There is only one thing employers should keep in mind: the effect of Status Anxiety.

Status anxiety: be good and tell about it

Happiness is relative. Not only the absolute conditions make employees happy, but also how they relate to how their colleagues are treated and to what other companies do for their employees. It's *the status anxiety*, says Swiss philosopher Alain de Botton, which makes that people expect similar cases to be treated similarly. And they are constantly anxious to lose their relative status amongst their peers. That is why HR policy and instruments should be benchmarked regularly and should be made transparent inside the organisation.

The influence of status anxiety also has implications for external communications. You have to be good, but you also have to tell about it. That makes current staff proud and as a consequence it makes them less anxious to lose status. And it helps recruiting new talent for the same reason. Working for an acknowledged employer of choice is recognized as a status improvement. HR managers should be aware of this aspect of Employer Branding.

Happiness in the way positive psychologists define it, proves the old proverb to be true. Money can not buy happiness, you have to work really hard for it. Results from the *World Database of Happiness*, an initiative of Erasmus University Rotterdam, show that the level of happiness in developed countries has not improved substantially the last fifty years, despite the huge rise in wealth. Sure, due to status anxiety money can make some people *unhappy*, when their peers in similar circumstances get rewarded more. That means money can be a dissatisfier, but in the long run it's not a satisfier, let alone a supplier of happiness.

By investing in their Employer Brand outstanding employers simultaneously invest in happy people. But you don't need a new measuring method or model to incorporate happiness of employees in the balance sheet of your organization. Profitability is a natural result of investing in happiness of people. Indeed, maybe money can not buy happiness, but employee happiness surely can make companies productive and profitable.



About the CRF Institute

The CRF Institute is the independent organisation behind the Top Employers projects. The institute identifies top performers in the areas of HR, leadership and strategy.

Since 1991 the CRF Institute has developed its proprietary methodology, research and deliverables. It has grown into an international organisation with operations in twelve countries on three continents.

The CRF Institute's HR projects include Top Employers (locally known as Best Employers South Africa, Top Arbeitgeber Deutschland and Der Schweiz and Top Employeurs France) and verticals such as Top Arbeitgeber Automotive, Top IT Employers, Britain's Top Legal Employers and Careers SA.

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