

★ FEATURE ARTICLE

PUT HAPPINESS AT THE CENTRE OF YOUR STRATEGY

 BY **Stephen Hoare** Freelance Journalist

The importance of happiness in creating a positive organisational culture is often overlooked by accountants and business strategists. The traditional wisdom espoused by senior managers is that staff will only put in extra effort if they expect a financial reward.

The problem is that above a certain level, salary increases cease to become an effective motivator. People are looking for self-fulfilment and need to feel happy and engaged with their work. This is the view taken by Dmitry Golubnichy, chief happiness officer at the 100 Happy Days Foundation, a Zurich based not-for-profit organisation with a mission to spread happiness to the world of work. "I had a really well paid job as a senior manager for a worldwide education company. I had achieved most of my career goals. Yet I wasn't happy," says HEC and SSE CEMS graduate Golubnichy.

Golubnichy refocused his life and started paying more attention to his own well-being and work-life balance. He found that his concentration and productivity improved. In 2013 he set up the 100 Happy Days Foundation as a grassroots movement, helping organisations and people to focus on the positive. "As one of our strategic directions, we help companies to measure and improve employee happiness and engagement. Through positive psychology, we facilitate organisations in building engagement focused cultures and people in focusing on their strengths by boosting areas where they are above average," says Golubnichy.

As an awareness raising tool, the 100 Happy Days website challenges people to record their positive experiences over a hundred days and to share photographs or brief descriptions of what made them happy. As of March 2016 over 8 million people have registered on the website from over

170 different countries and almost 17 million posts with the hashtag #100happydays on Instagram. "I'm hoping that employers will start to take notice. Companies appoint CEOs, CFOs and CIOs so why not a chief happiness officer? Having a CHO is a way of saying, 'we treat people as human beings, not as resources to exploit,'" says Golubnichy.

Whether you call it mindfulness, wellbeing or happiness, employee engagement has a serious pedigree. It was management guru Peter Drucker who first identified the importance of creating a positive organisational culture. His theories led to a shift in focus from sales driven business strategy towards a softer approach where successful growth is based on aligning business strategy with corporate culture. It gave rise to the oft repeated mantra "Our people are our best asset". Soon companies were running employee satisfaction surveys to provide feedback about how engaged people felt.

In 2009, the UK government published a report *Engaging for Success*. Written by David MacLeod and Nita Clarke, the report available from the department for Business Innovation and Skills (BIS) made the case for motivating employees, and explored strategies such as well-being, work-life balance and giving people autonomy that have subsequently laid the foundations for best practice in talent management. "The basic idea is that if you want to get the best out of your employees you have got to manage them properly. Companies with the highest levels of employee engagement project core values that people can sign up to.



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Their employees are given a voice and there is a real connection between business aims and organisational strategy at all levels," says Ben Willmott head of public policy at the Chartered Institute of Personnel and Development CIPD.

Far from being a "soft" measurement, employee engagement yields concrete results. In his book, *The Happiness Advantage*, Harvard researcher Shawn Achor noted that optimistic salespeople outperform their less committed counterparts by 37 per cent. He makes the point that companies which had a positive organisational culture in which employees feel valued, reported productivity raised by 31 per cent. In a happy environment people will find more meaning to their jobs.

It is much harder to build a winning culture than devise a business strategy. Without the active participation of the workforce working towards goals then any purely business focused growth strategy is bound to fail particularly if are given unrealistic targets. The Chartered Institute of Personnel and Development (CIPD) noticed as long ago as 2000 that disengaged or unhappy employees were damaging profits and productivity. "We advise organisations that managers needed to focus on employee health and wellbeing to prevent staff burnout. People can't perform to their best if they're stressed or off sick," says CIPD's Ben Willmott.

CEMS business schools teach employee engagement as part of organisational behaviour module of the masters' in management. Research carried out by the London School of Economics, for example, teaches that employee autonomy – making people responsible for setting their own targets – is a major component of a happy and engaged workforce. "Having autonomy at work can create employees' happiness for several reasons. First, people have a basic psychological need to master their environment which results in positive attitudes and feelings. Second, autonomy means that employees need to make decisions and find ways to complete tasks on their own. This increases people's problem solving capabilities, boosting their sense of capability and self-worth," says Dr Chia-Huei Wu, assistant professor at LSE's Department of Management.

Senior Lecturer in Practice at LSE's Department of Management, Dr Connson Locke, agrees: "People want a voice. They want to be able to participate and this involves a certain amount of trust and democratisation of the workforce."

The internet is a treasure trove of information about what companies or organisations are like

to work for. Providing greater transparency, social media has revolutionised the entire recruitment process from job search through to interview and the offer of employment. Websites such as Glass Door, High Flyers, and Milkround are essential research tools, putting job seekers in touch with people who can offer an unbiased opinion, putting them in a stronger position to decide on whether working for a particular employer will lead to happiness or dissatisfaction. "With this amount of transparency, there's nowhere for bad employers to hide," comments CIPD's Ben Willmott.

To the growth of social media may be added employer rankings, many of which are specific to a country or a region. The UK kitemark, Investors in People gives a broad indication and sponsored rankings like the *Sunday Times* Best Companies to Work for and the *Times*' Top Employers for Women highlight diversity.

No employer deliberately sets out to be unpopular. But changing company culture to keep pace with the aspirations of today's generation of young talent can require major effort. Dr Locke uses a case study of IBM to illustrate what happens when a company's cultural values no longer reflect those of its aspiring talent or its customer base. She explains that as IBM expanded over the years, company culture had failed to keep pace with a younger generation of Silicon Valley start-ups which threatened its core market. "At IBM, sales managers were still wearing formal business suits long after the IT industry had moved over to casual jeans and sweatshirts.



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PHOTOS CLOCKWISE FROM TOP LEFT:

Dr Connson Locke, Assistant Professor of Management and Organisational Behaviour, LSE

LSE students discussing coursework

Dr Chia-Huei Wu, Assistant Professor, Department of Management, LSE

LSE students in lectures and note-taking

In 1993 the appointment of CEO Lou Gerstner heralded the beginning of the fightback. He developed a new less formal and more customer focused company culture by visiting every single IBM office to discover what was working and what wasn't. Once policy was determined it was implemented from the top down. The turnaround was under way," says Dr Locke.

Like the products and services they sell, every employer's "brand" is different. For some their appeal to recruits lies in being offered training and development, for others it is being a "cool" place to work, having a diverse workforce, and a corporate culture that emphasises respect for the environment and sustainability issues. "Corporate culture varies from country to country but the one thing all major employers around the world have in common is a desire to promote the happiness, wellbeing, and engagement of their employees," says Claudia Tattanelli chairman of the strategic advisory board of employer branding consultancy, Universum Global.

Universum Global works with talent directors and heads of HR in international companies to develop an employer brand that will enable companies to attract and retain the brightest and the best.

Founded in Sweden in 1988, Universum Global operates in over 60 countries worldwide covering North America, Asia, Europe, Scandinavia and more recently, Africa and the Middle East. Its Global Talent Research provides tailored reports broken down by country level and business sector which provide useful feedback to employers on how to communicate with their target workforce and in particular how to attract, recruit and retain talented staff.

One of its main actionable studies is the *Global Happiness Index*. Based on detailed surveys of around 300,000 professionals, the index is highly regarded by employers and employees across the world. The index reveals detailed responses to questions relating to people's aspirations, priorities, how loyal they feel to their employer and whether they would recommend their employer to a friend.

This is of vital importance because the cost of recruiting staff who subsequently leave after a short time is a drain on company resources and a waste of expensively trained talent. "On a global level employee retention is now becoming even more important than recruitment. When we ask potential employees what their career aspirations are and what kind of workplace culture they like best they always say 'being happy and enjoying my work'," says Claudia Tattanelli.

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Tattannelli cites two examples of companies she has worked with to refine their brand. Abu Dhabi based airline, Etihad like most firms operating in the UAE has to meet strict quotas on employing native Emirati staff rather than expatriates. Shortage of talent means that having the right cultural fit is very important.

Etihad has introduced a policy called *Winning Behaviour at Work*, a management toolkit that helps prepare newly appointed staff to take on responsibility early in their careers. "Staff can see that by providing formal and informal mentoring means the company is committed to helping people succeed. Within Etihad professional development is strong; staff are given continuous feedback throughout the year," says Tattannelli.

Companies that can successfully communicate their values and the benefits of working in their organisation will attract the most talented and therefore productive employees. The theory holds true even for businesses not normally associated with high ethical values. "If you look at industries like tobacco, defence, professional services or even management consulting these

industries really have to think hard about what their value is as an employer. They may not be cool brands but if employers they can treat staff in a way that encourages them to be creative or if they practice inclusion then these perceptions can be overcome.

Of course, there is no automatic link between an attractive consumer product and having a workplace culture which encourages happiness. Some years ago the ultimate cool brand, Coca Cola, decided it needed to boost engagement and embarked on a series of changes to improve organisational culture. Called the Pemberton Index after the name of its founder, Coca Cola decided to create space for employees to be imaginative. The company invested in better workspaces, adding vending machines and informal areas where staff could relax and exchange ideas.

Employer branding is big business. Twenty years ago attracting and retaining talented staff was not so much of an issue partly because people's expectations of job fulfilment were low. What mattered most was perceived status and a high salary. Tattannelli looks back. "Generational expectations play a big role. For my generation,

Gen X, happiness was connected with the prestige of working for a big name employer like McKinsey or Goldman Sachs. Today, rather than prestige, young people are looking for a cultural fit. For women, especially, respect is absolutely vital. Being part of an inclusive working environment really engages people."

Far from being a straightforward emotion, there is a great deal for organisational behaviour experts to chew over when it comes to creating a happy workforce. It is no wonder Golubnichy's 100 Happy Days Foundation is trending.

ABOUT THE AUTHOR

Stephen Hoare is a freelance journalist and contributor to The Guardian and The Independent in the UK.