

workhuman*

The Science of Happiness

HOW TO BUILD A MAGNETIC COMPANY CULTURE



Every company – whether it is trying to build one or not – has a culture.

And culture matters. A great culture can make the critical difference between organizational success and dismal failure. It impacts just about every business metric we have, from customer service to productivity to profitability. It is the key to retention because employees don't want to leave a great culture. It is the key to recruitment because applicants are clamoring to get in. Google, which is renowned for its iconic culture, gets more than two million job applications every year.

But let's face it, the culture we have isn't always the culture we want. What if your culture needs some help? Or a lot of help? How can companies that might lack the resources of a Google still create a magnetic culture?

The short answer is by connecting culture to shared purpose, which will motivate and empower employees to do the best work of their lives. And this inspires employee happiness.

HR leaders encounter a lot of advice about how to manage culture – to increase engagement, decrease turnover, and drive recruitment. But when it comes to creating a culture employees love and don't want to leave, employee happiness is the metric that really matters. In this paper, we will explore why.





Too often, we tend to think about culture in one of two ways.

- **Culture is the sum of your perks.**
- **Culture is dictated from the top.**

The core foundation of company culture

Yes, a good culture may have some perks, and it certainly needs the involvement of executives, but neither of these alone will get you a great culture.

It is tempting for many to think of company culture in terms of fringe benefits – like funky offices, on-site massages, and free soda. These outward trappings of companies with great culture are often what we think of when we think of great places to work. But perks grow from culture, not the other way around. Perks are just the manifestation of what makes a particular group of people (your employees) happy.

Likewise, leaders tend to see culture in terms of things they can do – like setting goals and core values. Their participation is an important part of the picture, and trust in leaders is one of the key drivers of engagement, but executives cannot dictate a great culture. They can only lay the groundwork for a great culture to take hold.

Your employees control your culture. When they are happy, it thrives. If they are unhappy, your culture probably stinks – no matter how great your mission statement is or how free your dry cleaning.

When employees find purpose, mastery, and empowerment in their role, the science shows they are more motivated.

In fact, there's an increasing body of research to support this. Consider this recent research from University of Warwick. In a study that involved more than 700 participants, happiness increased productivity by an average of 12% and reached as high as 20% above the control group. Additional research from IBM® Smarter Workforce Institute and Workhuman® iQ shows organizations that score in the top 25% on employee experience report nearly 3x the return on assets and 2x the return on sales.

After 20 years of observing tens of millions of interactions between employees at companies all over the world, we have hard numbers like these on the science of employee happiness and how to directly increase it.

Concentrating your efforts on making employees happy – by connecting them to shared purpose – is the most direct and powerful way to impact your organizational culture.

Happiness
increased
productivity by

12%

Don't worry. Be happy.

So how exactly do we go about creating this happy workforce?

As an HR executive or senior leader, you may have believed a world-class culture like Google's or JetBlue's or Intuit's is beyond your company's grasp. Great culture and happy employees are often equated with innovation and risk-taking and gobs of money to spend. And of course, not every company is a glamorous consumer brand or selling a feel-good product.

Luckily, happy employees are never entirely beyond any company's grasp. It's as simple as discovering what workers will respond to and doing it. Sometimes this may be a policy, sometimes a perk, or sometimes it is just simple common sense. Some methods will be unique to your company, your industry, and your employees. Others are universal.

These universal drivers of employee happiness fall into three categories:

1. Alignment

2. Positivity

3. Progress

Everything employees need – and everything you need to build a killer culture that will attract and keep the best talent – rolls up into one of these three things.

By pursuing them, you can create a groundswell of happiness that will grow your culture from the bottom up.

ONE

Get into alignment

Aligning people and culture to shared purpose is the first goal for employee happiness. There must be a fundamental compatibility between the employee's vision, goals, and values, and those of the organization.

Allowing employees to see how they fit into the larger picture also activates their sense of purpose, effectiveness, and meaning. "New research shows there is a strong correlation between happiness and meaning," says Jennifer Aaker from the Stanford Graduate School of Business. "In fact, having a meaningful impact on the world around you is actually a better predictor of happiness than many other things you think will make you happy."

Purpose is more important now than ever. According to Gallup's 2018 State of the American Workplace report, only 4 in 10 U.S. employees strongly agree that the mission or purpose of their company makes them feel their job is important.

A study from IBM Smarter Workforce Institute and Workhuman iQ found that, when employees agree their work is consistent with organizational values, they are 50 percentage points more likely to report a positive employee experience.

Feedback is another important element of aligning to shared purpose. Aligning people with their passions both on the job and in the rest of their lives will cultivate happier employees. According to the Employee Experience Index, employees who receive regular feedback on their work performance are much more likely to report a positive employee experience.

And of course, we must not forget flexibility. When employees are able to align their work and personal lives, they are consistently happier. The same study referenced above shows a 31 percentage point increase in reporting a positive employee experience when work schedules are flexible enough for people to meet family and personal responsibilities.



31

percentage point
increase in employee
experience with
flexible work schedules



4 great ways to get into alignment

- Pay closer attention to job-person fit
- Align people and culture to shared purpose
- Show workers how your company fits into a bigger picture
- Cultivate more trust and flexibility into your policies

TWO

Accentuate the positive

Happy employees are positive employees. They have what scientists refer to as a positive affect or mood, which leads to an overall positive climate for companies.

Happy employees also have high reserves of PsyCap, or psychological capital. This term comes from positive psychology, a field of study that is becoming very important to organizational development. PsyCap is characterized by four qualities: self-efficacy, optimism, hope, and resilience. Researchers report significant relationships between high levels of PsyCap and:

- A rise in desirable employee attitudes (job satisfaction, organizational commitment, psychological well-being)
- A rise in desirable employee behaviors (citizenship)

- High marks in multiple measures of performance (self, supervisor evaluations, and objective measures)
- A decline in undesirable employee attitudes (cynicism, turnover intentions, job stress, and anxiety)
- A fall in undesirable employee behaviors (deviance)

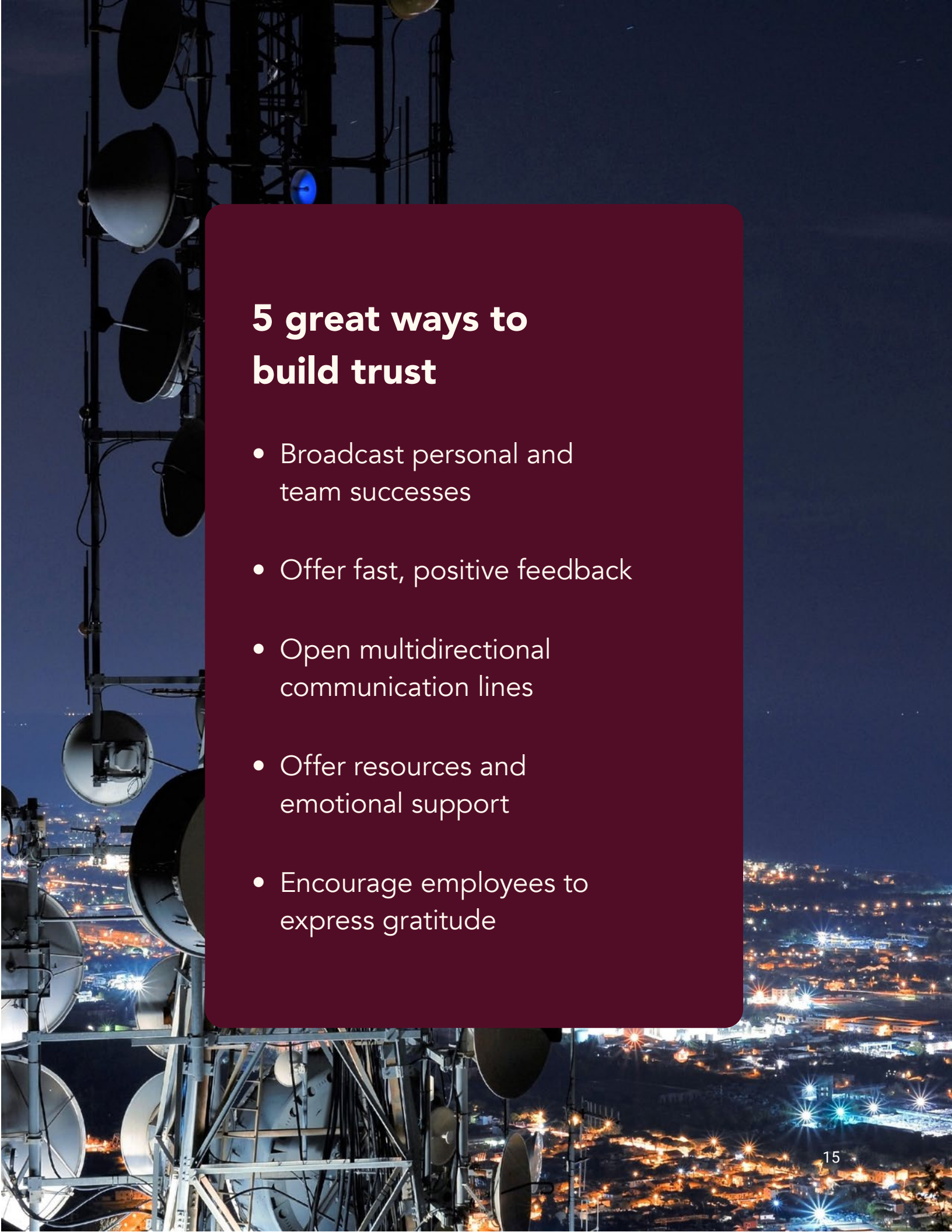
Researchers of PsyCap have seen big boosts in positivity by encouraging people to show gratitude. In a study at Kent State, Professor Steve Toepfer examined the effects of writing letters of gratitude on happiness, life satisfaction, and depression. Said Toepfer: “The more letter writing people did, the less depressive symptoms they had. They improved significantly on happiness and life satisfaction. By writing these letters – 15 to 20 minutes each, once a week for three weeks to different people – well-being increased significantly.”



Encouraging gratitude and appreciation – and recognition is the ideal vehicle for this – can also pay dividends in the workplace. In our international survey of more than 3,600 full-time workers, employees with the ability to recognize their peers were much more likely to report a positive work experience compared to others where recognition is only given by senior leaders.

Overall emphasis on feedback is another critical element of employee happiness. Tom McMullen, senior client partner at Korn Ferry Hay Group, tells us, “The number one key to retaining talent is career development.” He continues, “The company should enable and support their employees for success, which means giving the right kind of resources, feedback, clarity, and direction.”





5 great ways to build trust

- Broadcast personal and team successes
- Offer fast, positive feedback
- Open multidirectional communication lines
- Offer resources and emotional support
- Encourage employees to express gratitude

THREE

Keep the wheels of progress in motion

Progress is the third way to develop happy employees. We all want to feel like we are getting somewhere and accomplishing something in our careers and in our lives. In survey after survey, employees consistently cite career development opportunities as a top concern.

In Gallup's State of the American Workplace report, having opportunities to learn and grow at work is 1 of 12 key drivers of employee engagement.

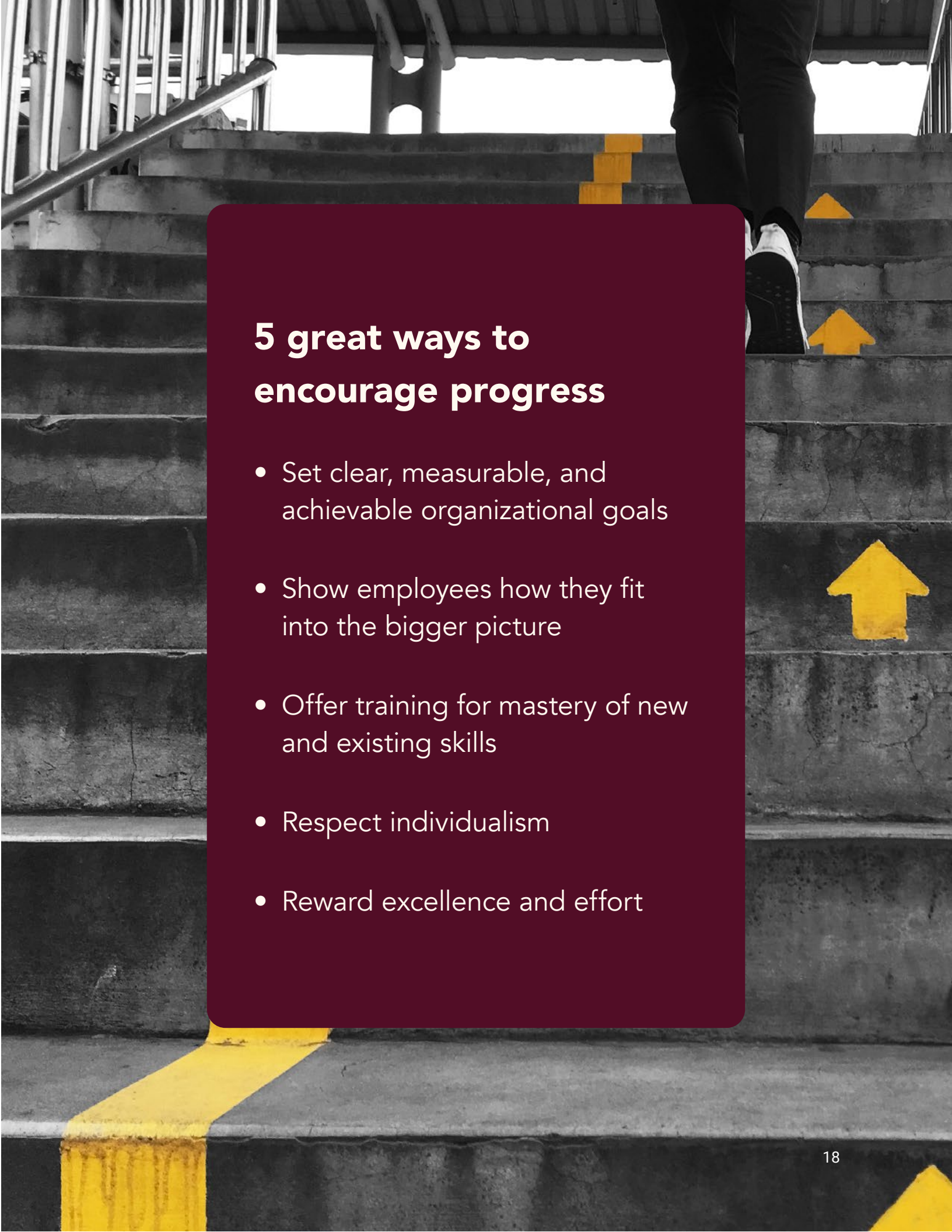
Development and progress are defined differently for each employee, so this goal relies on managers taking the time to discuss employees' individual goals with them, as well as companies providing growth opportunities.

Another important piece of the puzzle is to identify those employees who are your “cultural energizers” – those who drive the progress of your organization and influence their peers. Finding and amplifying the contributions of these important employees – whether they are meant for the management track or simply important single contributors, is a key way to keep your culture on track.

And finally, you must reward employees for their progress and achievements. “The pendulum has really swung from the old notion of recognition (e.g., seniority milestone awards) to being much more performance- and business strategy-focused and aligned with values,” says McMullen.

“If a company really wants to focus on customer intimacy, innovation, operational excellence, etc., the most direct way to couple those priorities is through a recognition program. These are relatively lower-cost programs versus the incentives or base salary programs. But more and more organizations are seeing much higher upside value opportunity for the cost.”





5 great ways to encourage progress

- Set clear, measurable, and achievable organizational goals
- Show employees how they fit into the bigger picture
- Offer training for mastery of new and existing skills
- Respect individualism
- Reward excellence and effort

How to get rolling

Employee happiness is not easy. Companies need to put into place programs that draw out these principles of alignment, positivity, and progress that can organically increase happiness and build a killer culture.

Human applications – software that are shaping the future of work by increasing gratitude and helping organizations align their people and culture to shared purpose – are a great start on achieving all three of these objectives.



Want to boost employee happiness? Discover how Workhuman Cloud® can help.

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