

WORK AND HAPPINESS

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Ross Gittins, Economics Editor, The Sydney Morning Herald

I want to talk tonight about a subject close to my heart: happiness and work. I'm very interested in the study of happiness and have a chapter about work in my latest book, *The Happy Economist*. So I want to talk about how to create happiness on the shop-floor, for ourselves, our teams and our customers, and whether it's possible to make money out of happiness.

What we call happiness, psychologists tend to call 'subjective wellbeing' and economists call 'utility' or 'satisfaction'. And between them, the psychologists and economists have done a lot of academic research into 'the science of happiness'.

One of the most interesting conclusions of that research is that happier people tend to be more successful in all dimensions of their lives - their incomes, their careers, their health and their relationships. It's not hard to believe that successful people are happier, but this is saying the reverse: that being of a happy disposition tends to make people more successful.

There's little doubt that happiness at work is an important issue, if only because so much of our lives is devoted to work and it would be a pity not to enjoy that time.

Do workers work primarily for the money? Do owners and managers work primarily for the money? All of us care about money, some more than others and some of us more than we should. But I believe all of us are on about more than money. We want to be adequately paid, but we also want to enjoy our work; we want to get satisfaction from it. For the most part we do get satisfaction from our work, but many of us could get more satisfaction than we do, there are some workplaces where satisfaction isn't as high as it should be - and, yes, there's growing evidence that smart bosses can make more money by trying harder to keep their workers happy.

But one of the keys to making more money is to understand the paradox of work and money. In these more materialist days, where the values and priorities of economists have more influence on our thinking than they used to, it's easy to come to the economist's conclusion: if you want your people to work harder and smarter, pay them more - and pay those who perform better more than the others. You want to make your staff happier? Pay them more. It's an easy conclusion to come to, but the psychologists tell us it's wrong. Workers do care about pay, but they care less about the absolute level of their pay than about its relative level - that is, what they're getting compared with others are getting, particularly those they consider their equals. In other words, play favourites with pay and you're just as likely to create dissatisfaction as satisfaction. The other thing to remember (as many economists and business people don't) is that when you establish a culture that good performance is rewarded with money, you tend to de-motivate people from performing well for other, more intrinsic reasons. You debase the currency, so to speak.

I believe humans are a working animal. We want to work for its own sake and, contrary to the assumptions of the economic model, working makes us happy. Studies of people of working age show that those who aren't working are less happy than those who are working.

Psychologists offer four reasons why work makes us happy: it gives us personal identity, helping to define us; it allows us to identify with a community - our workmates, our organisation, or our profession; it adds purpose to our lives (we support our families and it's usually the main way we seek to make the world a better place), and it provides us with a sense of personal control. In other words, it satisfies deep psychological needs.

What is it that makes some jobs more satisfying than others? Psychologists identify three key factors. The first is that sense of control over the way we do our jobs - autonomy, as psychologists call it: when workers help set their own goals and hours and participate in decision-making. The second is competence: feeling capable of dealing effectively with the tasks and responsibilities we're given. And the third is relatedness: feeling part of the group.

Professor Ed Diener says that, looking at it as an individual, the key objectives should be to find a job that's the right fit, and to work for a company that promotes happiness on the job - that is, one that treats its staff well. A job that's the right fit is one that's appropriately challenging, suited to your personality, meaningful and interesting.

Many of us assume the way to get ahead is to work hard on eliminating our weaknesses and failings. But one of the major themes of the new school of 'positive psychology' is: don't concentrate on correcting your weaknesses, play to your strengths. Specialise in the stuff you're good at.

But let's get down to it. Having a happy bunch of workers is all very nice, but does it pay? The conventional wisdom used to be: no it doesn't. But more recent evidence says yes, having happier workers does pay.

Studies show there's a strong correlation between job satisfaction and staff turnover, particularly in times of low unemployment, which is when you're most anxious to retain staff. The changing nature of work says to me that bosses can no longer afford to be quite so cavalier about how satisfying their workers find the tasks and working conditions they're given. It suggests that workers' happiness is more likely to affect the firm's productivity and profits. And the happiness researchers have uncovered strong causal links running from happiness to business success. To summarise the research in this area, happy workers make more money, receive more promotions and better supervisor ratings, and are better citizens at work.

Why might this be? First, because happy people are more sociable, and so customers, colleagues and supervisors resonate well with their warm, friendly attitudes. Second, happy people tend to have more energy and enthusiasm, and are more likely to work hard and confidently. Third, happy individuals experience fewer distractions as a result of personal problems, such as marital discord and alcohol abuse. Fourth, happy workers are inclined to be more creative than their peers and are therefore good at generating ideas and solving problems. Finally, happy workers are healthier, and therefore more likely to show up for work and be fit to work. The business that can create calling-oriented workers who are loyal to the company has a clear advantage over its competitors.

This prompts a radical thought: businesses ought to select for happiness among the people they hire. But when you want to hire the best available, that becomes a two-way street. Why would a happy and successful and thus highly desirable employee want to work for company without a good reputation for the way it treats its staff? It seems only a matter of time before a rating system of companies' records as employers is developed and made available on the internet.

I've long believed that good companies go out on the market and buy the best-performing employees (thus bidding up salaries), whereas the smartest companies concentrate on training up good performers in-house. It's better to grow your own 'calling-oriented' workers than to poach your competitors' 'career-oriented' workers.

So what do you have to do to create an environment conducive to the propagation of intrinsically motivated workers? How do you achieve a high level of job satisfaction in your office?

The first thing for bosses to be clear on is the point I made earlier: pay is not the only motivator. So if employers want to offer a satisfaction-inducing working environment, what must they do? The British psychologist Peter Warr, has identified five factors as important to job satisfaction. First, opportunities for personal control. This means having some discretion---autonomy---in how to tackle problems, apply skills and envisage outcomes. Diener says this flexibility is the key to making work feel less routine and the job more rewarding.

Second, jobs with a variety of tasks. Many jobs are naturally varied, but highly repetitive jobs are soul destroying. When workers work in teams, roles can be shared. On production lines, workers should be rotated through several different tasks during a day.

Third factor important to job satisfaction, supportive supervisors. Diener says good supervisors provide a balance of freedom and supervision. Someone else says: In a high-performing workplace the ratio of positive to negative feedback is about six to one.

Fourth, respect and status. Jobs that afford people respect and status are likely to engender feelings of competence and pride. In the best organisations, the respect that is inherent in some high status jobs can be extended to all jobs. Foster good relationships between workers, starting from the top. Make sure everyone's views are sought and respected. Know your employees, their names and what they do. Walk through the office every day and acknowledge them.

Fifth, have clear requirements and information on how to meet them. Workers - particularly those well down in the chain of command - become anxious and insecure when they're not sure exactly what they're required to do, how it's to be done and by when. 'Role conflict' - where an individual is under different pressures from others - and 'role ambiguity' are a source of irritation, anxiety or even depression.

A final thought: you can look at the need to have happy workers from a positive or a negative perspective. Thinking positively, cultivating a happy, motivated team is a way to gain an advantage over your competitors. Thinking negatively, with the ageing of the population and the return of staff shortages, employers who don't run a happy ship will have trouble retaining workers and will have to offer higher wage rates to attract the people they need. Either way, positive or negative, the effects go straight to the bottom line.