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# Happiness and the Bottom Line: The Importance of a Happy Workforce

by a Guest Contributor | February 23, 2013 | [Management](#), [News](#), [Self-improvement](#)

*Employee (and employer) happiness directly affects your business's performance. Guest contributor Jack Cooper tells us why it might be a bigger problem than we think – and gives us pointers how to avoid high employee turnover.*

You don't have to be the CEO of a major corporation to appreciate the fact that happy employees work harder, produce higher quality work, and stay on the job longer. What many CEOs might not realize, though, is what it is that actually makes employees happy and how significant that employee happiness is to their companies' bottom lines.

While many people believe it's vacation time and pay raises that make for a happy workforce, research proves otherwise. The [Gallup Business Journal](#) reports that employees who feel engaged in their work are significantly happier than those who aren't, and that an engaging workplace was more important than any company policy in determining the overall happiness of employees.



Gallup says engaged employees “drive innovation and move the company forward.” Without these engaged employees, then, businesses stagnate and flounder.

Furthermore, in their study titled, “[Causal Impact of Employee Work Perceptions on the Bottom Line of Organizations](#)”, Gallup researcher James K. Harter and his associates found that employees' work perceptions were directly related to organizations' customer loyalty, employee retention, sales and profit numbers.

The [New York Times](#) reports on what it calls a “disengagement crisis” costing American businesses as much as \$300 billion a year in terms of lost productivity. The article points out that when employees don't feel engaged in their workplaces, absenteeism increases and both the quality and quantity of their work suffer.

In its own research of 12,000 electronic diary entries by employees of seven organizations, the Times found that “inner work life has a profound impact on workers' creativity, productivity,

commitment and collegiality.” Not surprisingly, Times researchers also discovered that employees are more likely to come up with new ideas when they are happy in their jobs. So, how can a company mitigate this “crisis” and steer their workforces into happier, more engaged states of mind? In her book, *Make More Money by Making Your Employees Happy*, clinical psychologist and business trial consultant Dr. Noelle Nelson lays out some solutions.

## **Facilitate Success**

Dr. Nelson points out that companies should make good on promises to furnish employees with the resources necessary to complete their work. This might sound like common sense, but frustration can put a big dent in employee happiness. Give employees access to necessary tools and materials, and give careful consideration to their surroundings. Encourage collaboration and communication by giving careful thought to seating arrangements and floor plans, and offer ample workspace in which to get things done efficiently.

## **Focus on Employee Concerns**



*by Green Skater via DeviantArt*

Dr. Nelson cites several examples of this in her book, noting that showing employees that you care about what’s top-of-mind for them increases on-the-job happiness. When Alcoa’s Paul O’Neil realized safety was a top concern for his employees, he made safety his top priority, too, and productivity soared. Dr. Nelson also discusses Starbucks, whose executives noticed otherwise good employees cracking under the pressure of dealing with difficult customers and provided updated training materials to address this.

## **Appreciation**

Dr. Nelson points out that companies that routinely show appreciation for the value created by employees reap many benefits from it. Pay raises and bonuses aren’t the only ways to reward employee efforts. Paid time off, praise and recognition are also effective.

With bottom lines in jeopardy in all sectors of today’s economy, investing in employee happiness not only gives companies a competitive edge; it’s also absolutely necessary for their survival.