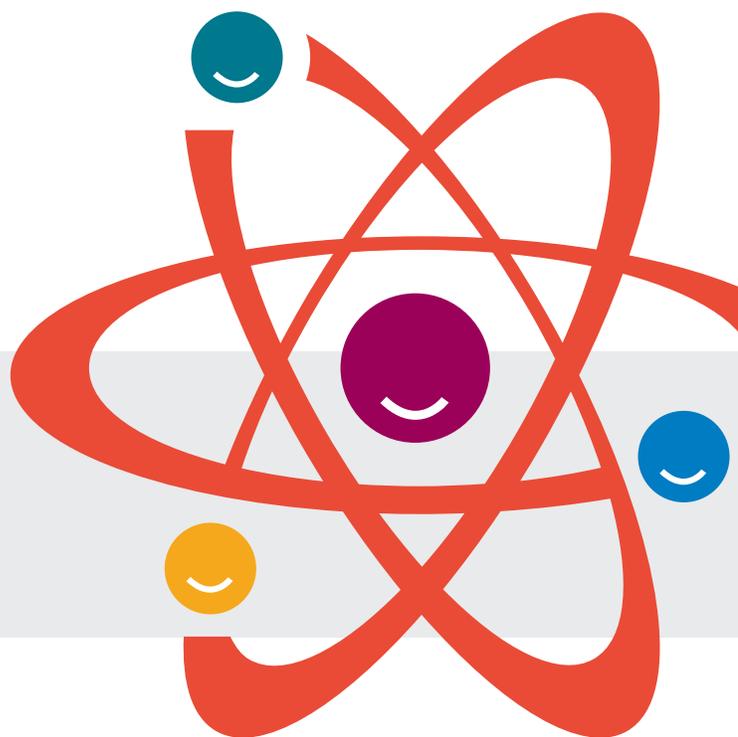


THE SCIENCE OF HAPPINESS

HOW TO BUILD A KILLER CULTURE
IN YOUR COMPANY



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. Intel, which is renowned for its iconic culture, has a turnover rate of only 2% and Google gets an estimated 7,000 unsolicited applications for jobs every day.

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 concentrating on employee happiness.

At this point, you might be thinking: "Wait... employee happiness? Shouldn't culture start with an all-hands meeting with the CEO or with free snacks in the break room?"

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.

Google, which is renowned for its attention to culture, has a near **0%** turnover rate and gets an estimated **7,000** unsolicited applications for jobs every day.



THE SECRET SAUCE OF COMPANY CULTURE

Too often, we think about culture in one of two ways:

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

A good culture may have some perks, and it certainly needs involvement of execs, but neither 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, onsite 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 execs cannot dictate a great culture. They can only lay the groundwork for a great culture to take hold.

It is your employees who control your culture. When they are happy, it thrives. If they are stomping around complaining... well, your culture probably stinks—no matter how great your mission statement is or how free your dry cleaning.

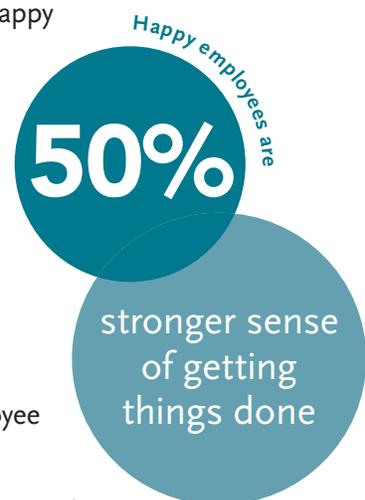
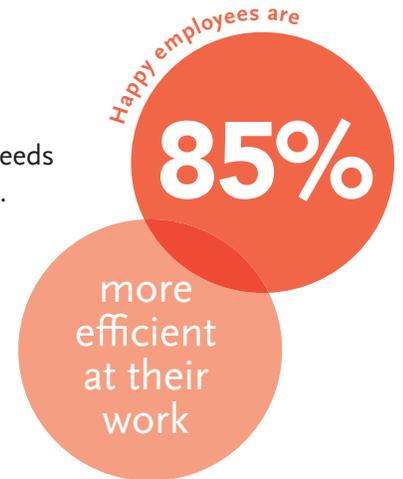
Happy employees are what make a culture great.

How do we know this? An increasing body of research, for one thing. Consider this recent research posted by the Wall Street Journal and the iOpener Institute¹. Happy employees:

- Stay twice as long in their jobs as their least happy colleagues
- Believe they are achieving their potential 2x as much
- Spend 65% more time feeling energized
- Are 58% more likely to go out of the way to help their colleagues
- Identify 98% more strongly with the values of their organization
- Are 186% more likely to recommend their organization to a friend

Unlike culture itself, we have hard numbers on the science of employee happiness and how to directly increase it. It all leads to one conclusion:

Concentrating your efforts on making employees happy is the most direct and powerful way to impact your organizational culture.



DON'T WORRY. BE HAPPY.

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

As an HR exec 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: alignment, positivity, and 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.

GET INTO ALIGNMENT

Alignment is the first goal for employee happiness. It means you must ensure not only a good person-job fit, but a good person-company fit. 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 activates their sense of belonging, 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."²

Meaning is more important now than ever. According to a 2012 study conducted by Kelly OCG, many employees feel directionless and disposable—with just 44% of employees worldwide reporting feeling valued by their employers, and only 48% saying that their current job provides them with meaning.³

A study conducted by researchers at the University of Alberta found that people who focused on the meaning and purpose in their work experienced a 60% drop in absenteeism and a 75% reduction in turnover.⁴

Feedback is another important element of alignment. "Happiness is a daily journey," says James Key Lim, an early leader at Zappos. In a recent Fast Company article, Lim cited co-owned values as critical, along with regular and ongoing feedback to ensure that everyone stays aligned with them. Aligning people with their passions both on the job and in the rest of their lives will cultivate happier employees, says Lim, and feedback is a key way to reinforce this, daily.

And of course we must not forget flexibility. When employees are able align their work and personal lives, they are consistently happier. Each year, CareerBliss looks at the companies with the biggest leaps in employee happiness. Work-life balance, says CareerBliss CEO Heidi Golledge, is a key factor in determining employee happiness. "Having programs that allow managers to offer employees flexibility can be a key component in creating a happy work environment."

5 GREAT WAYS TO BUILD ALIGNMENT

1. Pay closer attention to job-person fit
2. Fire people who don't fit your culture
3. Help employees find greater meaning in your values
4. Show workers how your company fits into a bigger picture
5. Cultivate more trust and flexibility into your policies

People who focused on the meaning and purpose in their work experienced a **60% drop in absenteeism** and a 75% reduction in turnover.

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. One 2011 study at a Fortune 500 call center found that reps who were in bad moods had worse customer service, needed more breaks, and saw a more than 10% decline in their productivity.⁵

Happy employees also have high reserves of PsyCap, or psychological capital. Researchers report significant relationships between high levels of PsyCap and:

- A rise in desirable employee attitudes
- A rise in desirable employee behaviors
- High marks in multiple measures of performance
- A decline in undesirable employee attitudes
- A fall in undesirable employee behaviors.⁶

Researchers of PsyCap have seen big boosts in positivity by encouraging people to show gratitude. A study at Kent State examined the effects of writing letters of gratitude significantly increased happiness and life satisfaction, and alleviated depressive symptoms.”⁷

Encouraging gratitude and appreciation—and recognition is the ideal vehicle for this— can also pay dividends in the workplace. In our Spring 2013 Globoforce Workforce Mood Tracker report, we found that when people were enabled to recognize peers for good work, they were 107% more likely to identify themselves as highly engaged.

Overall emphasis on positive feedback is another critical element of employee happiness. In at same Mood Tracker report, we found that 89% of employees prefer to be told what they are doing right, rather than being told what they are doing wrong. In our SHRM Globoforce Spring 2013 Report, 94% HR leaders said positive feedback has a greater impact on improving employee performance.

Says Gretchen Rubin, author of the New York Times best-seller *The Happiness Project*: “A workplace is far likelier to be a happy place when policies are in place to ensure that people regularly get acknowledgement and praise for a job well done, and where people feel that their happiness at work matters to their employers.”⁸

5 GREAT WAYS TO BUILD POSITIVITY

1. Broadcast personal and team successes
2. Offer fast, positive feedback
3. Open up multidirectional communication lines
4. Offer resources and emotional support
5. Encourage employees to express gratitude



KEEP THE WHEELS OF PROGRESS IN MOTION

Progress is the third and final 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.

Aon Hewitt's 2012 Global Engagement Report found that concern for career opportunities is the top global driver of employee engagement and recommends that employers work to create employee growth opportunities:

Employees are increasingly looking to their current employers for job enrichment opportunities... Employers should develop more creative or less traditional growth opportunities and help employees re-navigate expectations around development that supports business needs—lateral moves, special assignments, cross-functional training, etc.

According to Career Bliss' CEO Heidi Gollege: "We see career advancement programs have a big impact on overall employee happiness. Often employees will take a job for a lower salary if the company provides a comprehensive program and mentorship programs, which will help grow their career. Employees want to learn, develop and sustain a successful career path."

Development and progress is 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'—who drive the progress of your organization and influence their peers. Finding and growing 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, it is mandatory to reward employees for their progress and achievements. Michael Civello at Plum Benefits sums it up well: "Increasing employee happiness is based on a strong foundation of effective and proactive communication and recognition, along with a commitment to facilitating relationship-building across all levels and departments."⁹

5 GREAT WAYS TO BUILD PROGRESS

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



HOW TO GET ROLLING

Employee happiness is not a cakewalk. According to the Conference Board, it is in the tank. Their research shows that worker happiness has fallen every year for the last 25 years.¹⁰ Companies need to put into place programs that draw out these principles of alignment, positivity, and progress that can move the needle for happiness and build a killer culture.

Research from the conference board shows that worker happiness has fallen every year for the last **25 years**

A strategic recognition program is a great start on achieving all three of these objectives—offering a way for employees to better understand and practice company values, offer continuous positive feedback, appreciate and be appreciated and a way to be rewarded for the progress they make toward their goals.



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Contact us to learn more about what Globoforce can do to help you drive happiness in your company and develop a magnetic culture.



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