The Business Value of the Soft Stuff

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ABSTRACT

When individuals flourish, organizations thrive. This paper will present the case for project managers to implement positive psychology into routine people management practices to deliver successful projects which meet the triple constraints and enhance the project team's experience of their work. To simplify the implementation of these people practices, we will present a well-being at work assessment which links personal resources, management systems, experience of work and functioning at work to organizational outcomes relevant to project management at all levels.

We will explore how your team members can be corporate athletes able to meet the daily challenges of stressful work, how to design management systems which support the team’s best work, how to enhance internal motivation on project teams, and how to enhance employee engagement, flow, satisfaction, and sense of purpose to attain and sustain great project results. Each element of the well-being at work assessment will be linked to people management practices which drive attainment of key organizational outcomes.

Introduction

The next frontier for the development of project management competence is the development of a body of knowledge and practice which focuses on the sustainable management of people on projects. A number of piecemeal efforts to do this have been underway for decades: employee satisfaction surveys, employee engagement, culture assessment, wellness initiatives, flexible work schedules, etc. Each of these efforts has merit conceptually in its own right, but used individually they lack a philosophical and empirical coherence that can persuade managers and their organizations to create workplaces that support sustainable, exceptional performance and yield the desired individual and organizational results. Further, this lack of coherence reduces
the scope of the actions likely to be taken by organizations resulting in less than satisfactory results.

Simplistic solutions are not sufficient to address inherently complex and dynamic issues involving people at work.

This paper will use a comprehensive model of subjective well-being (SWB) or Happiness at Work (H@Work) to review the case for, and some selected interventions to enhance, SWB at work. This model considers the individual, their teams or work units, and the overall organization. This paper case will highlight a few of the many organizational or project outcomes that are empirically linked to SWB in the workplace. And, it will offer some of the proven interventions which enhance SWB at work.

Happiness at Work: The Soft Stuff.

Happiness at work is the creative edge for the soft stuff in the workplace; and it has gone mainstream at the universities. A quick review of research underway at the top 10 U.S. graduate schools of business indicate that each of them has active research activity in the area of happiness – defining it, measuring it, developing and sustaining it, and linking it to favorable outcomes for individuals and organizations. For example, the Harvard Business Review published an entire issue on happiness (HBR, January/February 2012). In mid-2012, Stanford University’s Graduate School of Business published The Business Case for Happiness (“The Business Case for Happiness”, 2012) and a year later published How to Cultivate Happiness in Companies: Five Caselets (“How to cultivate happiness in companies”, 2013) to demonstrate how to apply their model of happiness at work.

The business schools, too, have been behind the curve. Happiness, known as subjective well-being (SWB) by psychologists, has been a research topic in academia for some time. Arguably, it has been the focus of philosophy, psychology, and now business since the Greeks considered what a good life might be. The UK government, following the lead set by the country of Bhutan (“Happy Planet Index”, 2012), has developed and is deploying a national measure of SWB to supplement its standard national metric of economic results, and or gross domestic product. See The National Accounts of Well-being (“National accounts of well-being”, 2009) for the full story.

In the research literature, SWB is alternatively referred to as positive affect, life satisfaction, or happiness. Life satisfaction (“National accounts of well-being, 2009) includes personal well-being (emotional well-being, satisfying life, vitality, resilience and self-esteem, and positive functioning – competence, autonomy, engagement, and meaning and purpose) and social well-being (supportive relationships, trust and belonging, and well-being at work). This definition of SWB and the related model is the framework for this paper.

The new economics foundation, nef, with its lead researcher, Nic Marks, developed a happiness at work assessment tool derived from the research underlying the National Accounts of Well-being (“National accounts of well-being”, 2009). The tool is called Happiness@Work (H@Work, hereafter). To be clear, this is not the happiness exemplified by the ubiquitous yellow smiley face symbol. This model incorporates the elements of SWB: 1) experience of
positive emotion; 2) experience of negative emotion; and, 3) overall assessment of life satisfaction (Diener & Biswas-Diener, 2002) and specific elements of well-being at work as enumerated later in this paper when describing the H@Work model itself.

SWB is customarily measured through self-assessment. This methodology has been validated by the academic community (Diener & Biswas-Diener, 2002).

The Case for Happiness at Work.

So, why might happiness matter at work? Aren’t employment and a steady paycheck sufficient? Well, in a word, no! Happiness is linked to significant favorable outcomes for individuals and organizations (Boehm & Lyubomirsky, 2008). Many of the favorable individual outcomes of happiness contribute to favorable organizational outcomes measured by standard key performance indicators. It’s important to note that research shows that happiness is a precursor or predictor of success and not the other way around (Cote’, 1999). There is a virtuous cycle between happiness and success; happier people enjoy more success which then further enhances their happiness.

For individuals, research indicates many benefits which accrue to the happiest when compared to the unhappiest:

- **Personal Income and Work Performance**
  - Higher earnings and wealth creation (Diener & Biswas-Diener, 2002)
  - Favorable performance evaluations (Cropanzano & Wright, 1999)
  - Better sales performance (Seligman & Schulman, 1986)
  - Better on objective, work-related tasks (Staw & Barsade, 1993)
  - Better decision-making and superior interpersonal skills (Staw & Barsade, 1993)
  - Seen as having greater managerial potential (Staw & Barsade, 1993)
  - Greater social support from colleagues and supervisors (Boehm & Lyubomirsky, 2008)

- **Personal Capital**
  - Building future capacity (intellectual, social, and physical) (Fredrickson & Branigan, 2005)
  - Natural buffering from burnout (Boehm & Lyubomirsky, 2008)
  - More satisfied with life(Boehm & Lyubomirsky, 2008)
  - Less likely to be fired or unemployed (Boehm & Lyubomirsky, 2008)
  - Better physical health, longevity and cope more effectively with life’s adversities (Boehm & Lyubomirsky, 2008)
  - More friends, longer marriages, fewer colds (and illness), less cardiovascular illness (Lyubomirsky et al, 2005; Fisher, 2000)
Contributions to the Workplace

- Contribute discretionary effort (Borman et al, 2001)
- Increased approach-oriented behavior (more likely to enter novel situations, to interact with others, and to pursue new goals) (Boehm & Lyubomirsky, 2008)
- More altruistic, courteous, conscientious (Boehm & Lyubomirsky, 2008)
- More invested in job, inclined to project the organization, suggested improvements (Boehm & Lyubomirsky, 2008)
- Less likely to engage in withdrawal behaviors at work (burnout, absenteeism, and turnover (Boehm & Lyubomirsky, 2008)
- Cope better with organizational change (Boehm & Lyubomirsky, 2008)
- Better at group negotiations (less contentious, more cooperative, win/win focus, more collaborative, more optimistic) (Boehm & Lyubomirsky, 2008)
- Set higher goals and persist longer to attain them (Boehm & Lyubomirsky, 2008)
- More curious, creative, original and flexible (Kashdan et al, 2004)
- More likely to make efficient decisions while being able to disregard irrelevant information (Boehm, Lyubomirsky, 2008)

For organizations, happiness yields the following organizational outcomes when comparing the happiest to the unhappiest:

- Using employee engagement research from Gallup (Gallup, 2013) key performance indicators show the following differences between those in the top quartile and those in the bottom quartile. [Employee engagement is a subset of H@Work comprised of intrinsic motivation elements, primarily)
  - 10% increase in customer loyalty
  - 22% increase in profitability
  - 21% increase in productivity
  - 25% decrease in turnover in high turnover organizations
  - 65% decrease in turnover in low turnover organizations
  - 41% decrease in patient safety incidents
  - 41% decrease in quality defects
  - 48% decrease in safety incidents
  - 37% decrease in absenteeism
  - 28% decrease in shrinkage

- Overall, well-being, happiness, is predictive of job performance. (Wright, 2005)

The Well-being at Work Assessment.

H@Work Dynamic Model is comprised of four key domains as shown below. H@Work model combines engagement and well-being into one overall measure. The H@Work model is a dynamic model with Experience of Work impacting Personal Resources which interact with the Organizational System to yield Functioning at Work. Actions taken by individuals, teams and
organizations can result in shifts in results in each of these four key domains; and, a shift in one is likely to impact the entire system of happiness at work. This model identifies areas of strength, green; areas of concern, yellow or orange; and areas needing immediate attention, red. Developing a plan of action from H@Work results includes identifying strengths to capitalize upon and prioritizing a plan of action to address areas of concern. Priorities may differ across organizations based on organizational structure, culture, and strategic focus.

These key domains include:

1) **Personal Resources** – how are the people doing when they walk into the organization;
2) **Organizational System** – what is the environment in which they are called to work;
3) **Functioning at Work** – essentially, are they intrinsically motivated at work; and,
4) **Experience of Work** – are they experiencing net positive emotions at work, flow, employee engagement, employee satisfaction, and a sense of meaning.

The H@Work tool can be compared to an annual physical exam. It is a comprehensive check-up for individuals, teams, and organizations which highlights areas of robust health, acceptable wellness, emerging areas of concern, and health crises requiring immediate attention. H@Work links seamlessly to other tools and approaches (the referral to the specialist for further evaluation and action) to address emerging or urgent areas of concern.

This model is better-rounded than other models currently in use in organizations. It assesses employee engagement, well-being, motivation, work engagement, flow or absorption, employee satisfaction and emotional tone. It allows individuals, teams and organizations to focus on four key areas for management and staff action: 1) strengthening personal resources; 2) flourishing and taking pride in their work roles; 3) functioning to the best of their abilities as individuals and as part of a team; and, 4) having a positive overall work experience (nef, 2014).

Numbers without context are nearly meaningless for assessment of current state and response planning. [In practice, the results would be analyzed within the particular context of the organization; information to describe this current context would be gathered through some combination of structure interviews, review of financial and performance metrics, and structured surveys of staff prior to deploying the H@Work tool. Discussion of results at that level is outside the scope of this paper.]

The H@Work model reports using traffic light colors to signal status for a quick glance assessment of results. It should also be noted that this dynamic model reporting format is the same whether the results are for one individual, for a workgroup, functional business unit or an entire organization. All H@Work results are reported on a scale from 0 to 10, and reported results are normed so that 5 is the average, midpoint, result for the benchmark.
The H@Work model recognizes that the performance of people at work is partially the result of their condition as they walk into work each day.

**Personal Resources.**

Let’s begin with Personal Resources. Personal resources include four key areas of assessment:

1. **Vitality** – personal health and sense of energy;
2. **Happiness** – personal happiness and level of supportive relationships;
3. **Confidence** – personal resilience and self-confidence; and,
4. **Work/life balance.**

Personal Resources is the accumulation of the individual capital of your people. Are they healthy and energetic or are they limited at work by chronic ill health and low energy? Are they happy in their personal lives enjoying strong supportive relationships outside of work? Are they resilient, able to adaptively address life’s challenges? Are they confident in their ability to successfully address life’s challenges as they arise Are they satisfied with their time allocation between work and other parts of their lives?

If the answers to these questions are negative or equivocal, it’s the workplace equivalent of buying and using inferior equipment in your production process. While employers are not the keepers of their employees’ personal lives, the actions of employers can support employees in building and sustaining strong personal resources which then benefit the organization through better, more sustainable performance.

While not all areas of employees’ lives are amenable or appropriate for employer action, a few are. A few simple to implement examples: 1) flexible work schedules support greater employee engagement (Gallup, 2013); 2) telework actually increases work hours logged and employee engagement (Gallup, 2013); workplace wellness initiatives (healthier snacks in vending machines, better cafeteria choices, education, subsidized gym memberships, at-work exercise opportunities, etc. reduce healthcare costs; 4) supporting on-going personal relationships outside of work builds employees’ personal resources; and, 5) supporting employees to see themselves as corporate athletes (Loehr & Schwartz, 2003).

Loehr and Schwartz (2003) writing in *The Power of Full Engagement* describe our traditional workplace practices of long hours, unrelenting and increasing stress, doing more with less contribute to these costs. The approach has been to work longer and harder to accomplish more work. This approach has resulted in employee burnout, disengagement, illness, and higher employee turnover (Loehr & Schwartz, 2003; Loehr & McCarthy, 2007). Demonstrating that simple interventions can have large impact, they suggest that people at work should think of themselves as corporate athletes, working for specific periods to build strength and then having clear periods of rest and recovery. After all, Olympic weightlifters don’t lift weights from 7am to 7pm without adequate nutrition, positive feedback, working to their strengths, and periods of...
rest and recovery. Further they recommend several important steps to enhance workplace health: 1) take brief breaks at specific intervals; 2) reduce interruptions; 3) spend more time on what you do best and enjoy most (work to your strengths); 4) enhance positive emotion in the workplace through expressing appreciation to others.

Increased physical activity is associated with lower experienced levels of stress, less anxiety, less depression, and improved mood. Common chronic illnesses (diabetes, heart disease, stroke, depression and anxiety) are the result in part of workplace stress, some of which may be alleviated by relatively small changes in workplace practices.

Examples of some of these small changes include: 1) walking meetings and standing desks; 2) on-site or subsidized exercise programs/opportunities; 3) changes in the contents of the vending machines and/or cafeteria; 4) cultural support managing interruptions, taking breaks, and managing personal energy for optimum performance; and, 5) organizational practices that assure adequate sleep such as email response expectations, working hours, and flexible schedules and work locations.

Organizational System

The Organizational System is the work environment with which employees interact every day. It is comprised of four domains:

1) **Job design** – fair pay, job security, and achievable job;
2) **Management system** -- constructive feedback, trusted by manager, well-managed team and organization;
3) **Work environment** -- pleasant physical environment, open organization (free to speak up/challenge how things are done), and quality of organization; and,
4) **Social value** -- does the organization’s work benefit its customers and society in general?

Job security is highly correlated with reported happiness at work. The real uncertainty in the marketplace cannot be minimized but employers and managers can minimize the adverse impact of this uncertainty (potential staff reductions) by transparently managing this risk. This transparency better supports employees to understand and better manage their individual risks of potential unemployment (nef, 2014)

The elements of employee engagement -- the emotional attachment of employees to their organization, their work, and their colleagues – as described by the Q12 (Gallup, 2013) are fully incorporated in the H@Work tool: Organizational System, Functioning at Work, and Experience of Work. An advantage of this model is that it provides links to a substantial body of existing research about SWB and its impacts in the workplace. Thus, we can reasonably consider Gallup’s research on the impact of employee engagement on key performance indicators when considering the impact of H@Work on these same outcomes. Employee engagement is strongly linked to favorable outcomes on key performance indicators, see data previously provided above.
Great managers. The Gallup Organization reports that managers are the single greatest influence in whether employees are engaged at work. In its 2013 report, State of the American Workplace: Employee Engagement Insights for U.S. Business Leaders, Gallup essentially reports that if you want a great workplace and employees who will go the extra mile, then you need to focus on selecting and sustaining great managers. The American workforce is struggling to be engaged at work with 30% engaged and inspired (Gallup, 2013) and 20% active disengaged, neither engaged nor inspired (Gallup, 2013). Further, when employee engagement is combined with well-being, only 22% of the U.S. workforce is engaged and thriving (Gallup, 2013).

Gallup and others report that managers are the key to positive workplace experiences (Gallup, 2013). Specifically, “positive manager behavior is defined by Warr as including willingness to listen to staff, showing support, respect and concern for staff welfare, and a tendency to express appreciation for employees work well done” (nef, 2014). “Poor manager behavior [includes] favouritism, belittling subordinates, forcing conflicts to a resolution, discouraging initiative and unfair punishment” (nef, 2014).

Clear goals. Goals are the driver of effort in organizations. Setting and communicating realistic, attainable goals is one of the keys to happiness at work. We set goals to determine priorities, to support strategic alignment throughout an organization, to direct daily efforts of all employees, and to measure performance over time. Dan Gilbert said it best: “Challenge and threat are not the same thing. People blossom when challenged and wither when threatened” (Gilbert, 2012). Management’s challenge is to set goals that are just right and support employees when the challenge exceeds or is substantially below the employees’ skills. Csikszentmihalyi (1990, 1997) suggests further that dynamically matching challenge and skill yields flow, a high performance state in which individuals perform well and build further resources. To do this effectively, managers must know the capabilities of their team members, be alert to symptoms of not being in flow (boredom, anxiety, apathy), and flexible enough to make timely adjustments to challenges presented.

Continuous, constructive feedback. Feedback is essential to happiness at work. In the Q12, Gallup suggests that the optimum feedback cycle is at least once weekly (Gallup, 2013) and that periodic performance discussions should occur at least twice annually (Gallup, 2013). Intrinsic motivation depends in part on developing a sense of mastery, a sense of accomplishment and capability. Feedback from peers, subordinates and supervisors all supports the development of mastery. If the feedback is appreciative, it also enhances positive emotions which builds psychological capital (Luthans & Avolio, 2007).
Functioning at Work.

Functioning at work is derived from four key elements:

1) **Self-expression** – freedom to be self, use strengths at work, and be creative at work;
2) **Sense of control** – ability to influence decisions and experience autonomy;
3) **Sense of progress** – able to learn new skills and experience career progress at work; and,
4) **Work relationships** – having good friends at work, strong relationship; with manager and team members, and cooperation between teams.

Research tells us that extrinsic motivators (money and awards, for example) are less effective in motivating complex cognitive behaviors than intrinsic motivators (Deci & Ryan, 1985; Pink, 2009). That said, most of our organizations focus almost exclusively on extrinsic motivation systems. To increase happiness at work, the precursor to flourishing individuals and thriving organizations, managers want to shift from extrinsic to intrinsic motivation schemes. This is difficult. By definition, intrinsic motivation comes from within the individual and is not external. Managers can, therefore, only create an environment in which individuals can act upon their intrinsic motivations. Managers can’t make employees intrinsically motivated.

Intrinsic motivation which is central to Gallup’s Q12 and underlies the Functioning at Work domain in the H@Work tool.

**Use of strengths.** The single most impactful action that managers take to enhance employees’ intrinsic motivation is to align job role with employee skills and desires – help people do what they do and enjoy it the most (Diener, Ng, Harter & Arora, 2010), and, this is true without regard to the number of hours worked. In fact, Gallup reports that managers who use strengths-based management can eliminate active disengagement in their workplace (Gallup, 2013). Underutilizing skills has negative impact on overall job satisfaction.

Work by researchers at the University of Michigan describes in detail job crafting processes to help individuals and their managers in best matching skill and challenge within job roles. (Berg, et al, 2008)

**Sense of control.** Managers may feel constrained relative to how much they delegate decision-making to subordinates. At the same time, having a sense of control over what they do at work is important to sustaining intrinsic motivation. Deci & Ryan (1985) suggest several practical actions managers can take to preserve team members’ sense of control when delegation is not possible. These include 1) explaining the constraints and asking for recommended alternative approaches from team member, approval by manager; and, 2) explaining why the task is being delegated without autonomy from the team member’s viewpoint. These small conversations go a long way to support sustained intrinsic motivation.
**Sense of progress.** As Deci and Ryan report, intrinsic motivation is partly driven by a desire to master skills at work (Deci & Ryan, 1985). Researchers report a strong contribution to happiness at work when job/skill fit aligns with the opportunity to learn new skills and future career prospects (nef, 2014).

Managers can support this experience of a sense of progress by setting realistic, incremental goals subordinate to the larger goal so that employees experience progress frequently (Deci & Ryan, 1985).

Regular appreciative and constructive feedback that is specific, and if corrective, actionable, facilitates a sense of progress. Appreciative feedback also increases experienced positive emotion in the workplace helping employees broaden and build both their thought-action repertoires and their psychological capital (Fredrickson & Branigan, 2003).

**Work relationships.** A sense of belonging and being a trusted member of the team is fundamental to intrinsic motivation support. Gallup (2014) reports that having a best friend at work is the leading indicator for employee engagement. Being trusted by the manager and inter-team collaboration are further indicators of positive work relationships.

Best self introductions (Quinn et al, n.d.) and other efforts to build knowledge of team members that goes beyond simple professional qualifications can help build significant work relationships that build on strengths, encourage trust, and support collaboration.

**Experience of Work**

Our Experience of Work is comprised the following:

1) **Positive feelings** – happiness at work, enjoyment of work, and pride in the organization;
2) **Negative feelings** – stress, frustration or boredom at work;
3) **Engaging work** – absorbing work (flow) and motivation (employee engagement); and,
4) **Worthwhile work** – worthwhile and personally satisfying.

**Positive and Negative Emotions.** Positive and negative feels at work are essential to how we experience work. Positive feelings broaden and build our thought-action repertoires and help build personal capital (Fredrickson & Branigan, 2003).

Interestingly, positive feelings are potent based on their frequency and not their intensity (Diener & Biswas-Diener, 2003). So, managers can enhance the experience of work by being appreciative, grateful, humorous, kind, and encouraging team members to do the same. Since emotions are viral, managers who deliberately insert positive emotions into the workplace experience will generate similar positive emotions in others, creating an upward spiral. Negative emotions are essential as well; some research suggests that there are optimal ratios of experienced positive and negative emotions correlated with varying levels of team performance.
Interestingly, teams with too much positive emotion and those with too little tend to underperform (Fredrickson & Losada, 2005)

**Stress, Frustration, Boredom.** Stressful, frustrating or boring work may be an unavoidable element of work; but needs to be minimized or managed to assure well-being at work. Stressful work can be managed through thoughtful assignment of tasks, setting of realistic deadlines/goals, and full implementation of the intrinsic motivation levers discussed above as Functioning at Work. Stress management techniques including meditation, exercise, and mindfulness exercises can support happiness at work. A simple deep breathing exercise may be sufficient to reset a team member’s stress response.

**Flow or Absorption.** Csikszentmihalyi (1990, 1997) studied the conditions for optimal performance and described a flow state where skills and challenge are dynamically balanced. This is a point of full absorption, highly motivating, and a growth point for employees. The following supports attaining a flow state at work: 1) clear goals; 2) immediate feedback; 3) skills fully involved and dynamically balanced to the challenge at hand. Managers have the opportunity every day to set clear goals, provide immediate feedback and to create a broader culture of feedback from all levels and to carefully assign tasks to staff where as often as possible, skills are fully involved by the challenge.

In conclusion, happiness at work is the critical competitive assessment and action plan for project managers who want to be sustainably successful.
References


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Jocelyn Davis is the president and co-founder of Nelson Hart LLC, a women-owned consulting firm. Nelson Hart works with clients in all sectors to help them develop teams and workplaces where individuals flourish and the organizations thrive. She believes that each of us has unique strengths and capabilities to bring to our personal and professional lives as individuals and as members of various groups. She is a leader in efforts to enhance the quality of workplace experiences and the performance of people, teams and organizations. Jocelyn is also an adjunct professor at the University of Maryland, College Park, Maryland, USA in the Clark School of Engineering’s Project Management Program where she teaches two innovative applied positive psychology courses: Managing Project Teams and Evolving as a Leader. Jocelyn can be contacted at jocelyn@nelsonhartllc.com.