

Employee happiness and productivity (06/01/2015)

Enquiry:

Research which examines the link between organisations being happier/friendlier and being more productive.

Response:

A search was conducted of the Idox Information Service database for records with the terms 'happy', 'happiness', 'employee engagement', 'engaged employees', 'employee satisfaction', 'friendly' or 'friendlier' and 'organisation' or 'business' and productiv* or success* in the abstract, focusing on records from the past ten years. There weren't many resources which discussed happiness specifically or individual organisations, but there were numerous articles which highlighted the links between employee engagement, which encompasses people's emotional state and job satisfaction, and organisational success or productivity.

Ref. B32368 (see results below) comments that recent studies have shown there is a positive relationship between engagement and organisational performance outcomes, such as retention, productivity, profitability and customer loyalty.

B38277 explores employee engagement and organisational performance. It found that high levels of employee engagement were strongly associated with both financial performance and labour productivity.

A45988 observes that organisations which look after the wellbeing of their employees see a return in greater commitment and higher productivity. It stressed the importance of effective communication of employee benefits, which can have a significant impact on productivity.

Looking at measures which can improve job satisfaction and happiness at work, a government literature review (**B38180**) has investigated the business benefits of adopting work-life balance practices, highlighting the positive association between flexible working and productivity and reduced absences, and between family friendly policies and retention and reduced absences. It observes that *"A large body of evidence demonstrates that effective outcomes at the level of the individual, including job commitment, 'happiness', satisfaction, engagement and, in turn, discretionary effort, are all associated with business benefits such as reduced leaving intentions, fewer absences, less tardiness and improvements to performance and productivity. These positive outcomes translate into improved profitability and growth."*(p.viii)

A CIPD report (**B32474**) also highlights the strong link between flexible working, employee engagement and productivity. Article **A45722** presents some case studies. It discusses Essex Council's focus on happiness at work and providing staff with opportunities, and notes that the teams with the highest engagement scores reported higher levels of wellbeing and recorded lower levels of sickness absence.

In addition to this, [research](#) from the University of Warwick has also demonstrated the link between happiness and productivity.

Results are presented below in chronological order, with resources discussed in this summary highlighted. Documents can be accessed via the hyperlinks, or by searching for the reference numbers on the [website](#).

Idox Information Service database results

Ref No: A52810

McIntosh, Stewart

Healthy, happy workers boost bottom line, IN Business Insider, Vol 31 No 8 Nov 2014, pp47-49

Journal article

2014

Pages: 3

ISBN:

Highlights the advantages of employers encouraging their staff to stay fit and healthy and discusses methods of encouragement from corporate membership of gyms, involvement in volunteering and charity work. Reports that according to the CBI sick days cost the UK economy £14 billion a year and the Investors in People (IIP) "Wellbeing at work Poll" found that those who describe themselves as **happy** in their role were less likely to take a day's sick leave than those who describe themselves as unhappy. Sets out recommendations from IIP for businesses to encourage wellbeing at work. Considers the **impact on organisations** of staff members who are addicted to drink or drugs and states that as well as the moral duty there are other benefits to organisations of sending an employee with a serious health issue to get treatment.

Ref No: A51727

Griffin, Gerry

Improving engagement (employee engagement), IN Training Journal, Sep 2014, pp32-34

Journal article

2014

Pages: 3

ISBN:

Looks at how new technologies are improving **employee engagement**, focusing on the example of Bright Horizons, who are a global childcare organisation that have over 700 nurseries worldwide. Reports on the view of the MacLeod report into **employee engagement**, which suggests that **all businesses should partake in employee engagement when they have 50 employees or more to improve levels of productivity**. Outlines the Employment Value Proposition (EVP) analysis, also known as the 'deal'. Describes En-Gauge, a web based survey that analyses the answers provided by staff and gives a feedback report to management. Discusses how En-Gauge was used within Bright Horizons, noting that the responses were presented in a series of graphs for managers, and that using this tool allowed the organisation to find out the key drivers of **employee engagement**. Explains that using this technology can provide the most comprehensive and cost effective survey results.

Ref No: A51747

Doherty, Noeleen

Happy staff mean healthy business, IN Health Service Journal, 5 Sep 2014, pp76-77

Journal article

2014

Pages: 2

ISBN:

Considers how to ensure a health organisation and its employees can flourish, arguing that **staff happiness and organisational success are inextricably linked**. Suggests that good management can support the growth and development of employees by creating a positive work environment where jobs are well-designed and appropriately matched with individual skills, as well as an organisational culture where people are provided a degree of autonomy and are supported to achieve a good work-life balance. Finds that good practice principles include a clear policy on wellbeing, resources to provide appropriate support, and regular monitoring of practice. Outlines the importance of the interconnected nature of employee and

organisational health.

Ref No: B38277

Dromey, Joe

MacLeod and Clarke's concept of employee engagement: an analysis based on the Workplace Employment Relations Study

ACAS

(Report available on the internet at: <http://www.acas.org.uk/media/pdf/7/6/08140-MacLeod-Clarkes-Concept-of-Employee-Engagement.pdf>)

2014

Pages: 42

Price: na

ISBN: 9781908370501

Presents the findings of an analysis of data from the Workplace Employment Relations Study (WERS) which examined the 'enablers' of engagement, and how they have changed since 2004. Also explores variations in engagement in the labour market, by employer characteristics and by personal characteristics, and looks at **associations between engagement and other positive outcomes**. Notes that the 2009 report 'Engaging for success: enhancing performance through employee engagement, a report to government' (Ref. B13455) put forward four enablers of **employee engagement** which were fundamental for organisational **success**: a strategic narrative (establishing a 'line of sight' between employees' jobs, and the wider vision and aims of the organisation), engaging managers (who facilitate and empower rather than control, and treat employees with fairness and respect), employee voice (encouraging employees to speak up and considering and acting upon their views) and integrity (ensuring that the organisation is perceived to 'live its values' and adhere to espoused behavioural norms). Reports that employee perceptions relating to each of the enablers of engagement seem to have improved from 2004 to 2011. Notes, however, that employees working in the public sector score lower on the enablers than those working in the private or third sectors. **Finds that organisations with high levels of engagement also tend to have high levels of performance**. Makes recommendations as to how employers could most effectively engage employees in their workplace.

Ref No: B38180

Smeaton, Deborah; Ray, Kath; Knight, Genevieve

Costs and benefits to business of adopting work life balance working practices: a literature review

Department for Business, Innovation and Skills (BIS), 1 Victoria Street, London, SW1H 0ET

(Report available on the internet at:

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/323290/bis-14-903-costs-and-benefits-to-business-of-adopting-work-life-balance-working-practices-a-literature-review.pdf)

2014

Pages: 155

Price: na

ISBN:

Provides an overview of the literature on the costs and benefits to business of adopting work life balance (WLB) working practices. Looks specifically at flexible working opportunities potentially available to all staff, including flexi-time, working from home, reduced hours, job sharing and term-time working, and policies specifically directed at families, termed 'family-friendly', including maternity, paternity and parental leave/pay and childcare support provision such as onsite nurseries. Outlines the findings in relation to the **benefits for productivity**, absence levels, recruitment, and retention, and the related costs. Considers the evidence on widening the take up and availability of WLB working practices. **Finds that most research evidence suggests that there is a positive association between flexible working opportunities and productivity/performance gains**. Reports that the overall balance of evidence also suggests that flexible working practices help to reduce absence rates.

Ref No: B39605

Sisson, Keith

The UK productivity puzzle: is employment relations the missing piece? (ACAS discussion paper)

ACAS

(Report available on the internet at: http://www.acas.org.uk/media/pdf/o/8/The-UK-Productivity-Puzzle-is-employment-relations-the-missing-piece.pdf?utm_medium=email&utm_campaign=Productivity_policy_paper&utm_content=Productivity_policy_paper
[CID_0666b390b174a2c104147e2aa59ce463&utm_source=Research and Policy&utm_term=The UK Productivity Puzzle - is employment relations the missing piece](http://www.acas.org.uk/media/pdf/o/8/The-UK-Productivity-Puzzle-is-employment-relations-the-missing-piece.pdf?utm_medium=email&utm_campaign=Productivity_policy_paper&utm_content=Productivity_policy_paper))

2014

Pages: 17

Price: na

ISBN:

Discusses the 'persistent deterioration' in the **productivity** performance of the United Kingdom and suggests that poor **productivity** reflects corporate governance arrangements and a financial system which encourage 'short-termism' and consequently a lack of investment in people and technology. Considers the negative **impact** of in-work poverty, the negative effects of high wage inequality and reports that recent Office for National Statistics (ONS) data suggest that output per hour is 21% below the average for the other G7 countries and more than 30% less than France, Germany and the USA. Identifies why this is happening including: a low skills culture, a limited number of high performance workplaces, too few employees producing high quality goods and services, and too few businesses in high value added sectors; and highlights: a lack of investment strategies, entrenched corporate governance, and poor long-term investment levels. Looks at what can be done to address these issues and argues that in order to improve workplace performance; the UK needs to adopt a bottom-up approach that recognises the critical role that **employment relations** can play in building skills and boosting economic growth.

Ref No: A45988

Anon.

Healthy staff equal healthy profits, IN Management Today, Jul/Aug 2013, pp56-57

Journal article

2013

Pages: 2

ISBN:

Presents the findings of a survey about priorities in the realm of employee benefits and wellbeing. Indicates that **employee engagement** and wellbeing is a pressing issue, that flexible working and pensions are regarded as the most important benefits, and that public sector employees have more say in decision-making. Suggests that inconsistency in communicating about benefits means that some businesses are missing an important opportunity, as effective communication between employers and employees can have a significant impact on **productivity**.

Ref No: B32474

Jackson, Sarah; Worman, Dianah

Future-proofing business resilience through flexible working

Chartered Institute of Personnel and Development (CIPD), 151 The Broadway, London, SW19 1JQ

(Report available on the internet at: [http://www.cipd.co.uk/binaries/6229_Future_proofing_report_\(WEB\).pdf](http://www.cipd.co.uk/binaries/6229_Future_proofing_report_(WEB).pdf))

2013

Pages: 13

Price: na

ISBN:

Discusses findings from a focus group which looked at the issues around flexible working and the challenges that employers face in developing responses that help them to maintain economic **success** in the face of an ageing working population and the need to attract and retain a diverse workforce. Examines how the employment landscape has changed in recent

years, and **considers the links between flexible working, employee engagement and productivity**. Summarises the views of the focus group participants on five key issues: the insights that employers need to gain about the role of flexibility; the evidence employees should gather to argue the need to become more flexible; how open-minded, radical and strategic employers should be prepared to be to drive continuous change; whether employers should be more inclusive or exclusive, or reactive or future-proofed, when it comes to talent management strategies; and what is holding back the take-up of flexible working, despite increasing employer processes and legal support. Highlights that many participants believed that the benefits of flexible working outweigh the disadvantages, particularly its ability to offset the office space-related costs of taking on extra staff. Emphasises the importance of involving employees in the design of flexible working solutions that take into account both the business' agenda and colleagues', as well as their own, working preferences.

Ref No: B32368

Kemp, Helen

Employee engagement & business productivity (Insight Paper)

Asset Skills

(Report available on the internet at: <http://www.thebuildingfuturesgroup.com/wp-content/uploads/2014/03/EmployeeEngagementandBusinessProductivityInsightPaperFinal03131.pdf>)

2013

Pages: 9

Price: na

ISBN:

Discusses the concept of **employee engagement**, highlighting its benefits, drivers and ways of improving engagement. Stresses **the importance of employee engagement for organisational success**. Considers that failure to create an organisation that can maintain high levels of **employee engagement** aligned to business strategies could result in erratic long-term business performance. Examines engagement drivers. Looks at how to measure engagement and how to make effective use of information from employee surveys. Highlights the following strategies for improving **employee engagement**: talent acquisition strategies; policies that ensure staff have sufficient information and resources to do their jobs effectively; a two-way communication strategy with line managers so individuals can share their ideas on issues that may affect their jobs; and a learning and development strategy to allow staff to update their knowledge through training so they can take on more responsibility.

Ref No: A45722

Stevens, Michelle

Just because they say they're happy, it doesn't mean they really are (employee engagement), IN People Management, Jul 2013, pp28-31

Journal article

2013

Pages: 4

ISBN:

Looks at examples of **successful** employment engagement schemes. Focuses on examples which **demonstrate how employee engagement can affect productivity and have a positive impact on profitability**. Describes the Engage for **Success** campaign, launched by the government-backed **Employee engagement** Task Force, which aims to encourage businesses to acknowledge the link between staff engagement and performance, as evidenced by the findings of the task force's report 'Nailing the evidence'. Recommends that firms take a long-term view on engagement, and commit to generating data which highlights any issues, such as low engagement in certain areas of the business. Considers the definition of being engaged at work. Discusses how to ensure lower-ranking members of staff feel like they are an intrinsic part of the organisation. Highlights differences in the proportion of staff in the public (33 per cent), private (37 per cent) and voluntary (55 per cent) sectors who feel engaged at work. Looks at how Essex County Council increased staff engagement to 59 per cent despite undertaking a huge transformation programme and working on a constrained budget for HR initiatives. Describes the role that social media and new

technologies can play in increasing, and measuring, staff engagement levels.

Ref No: A44404

Jones, Pam; Rabbetts, Jan; Holton, Viki

Roles and challenges (employee engagement), IN Training Journal, Apr 2013, pp50-55

Journal article

2013

Pages: 6

ISBN:

Examines the role managers play in engaging employees. **Considers the importance of employee engagement to business success.** Discusses findings from the 2012 Ashridge Management Index, in terms of the approaches taken by companies to motivating their staff, and their **success** rates. Looks at what motivates managers themselves, suggesting that challenge, involvement and recognition are more valued than pay. Describes issues encountered by managers when it comes to motivating their staff and colleagues, and highlights that many managers felt that they were restricted from doing so due to constraints on time and budget. Makes suggestions as to how managers can have a positive impact on their team, focusing on activities that are appropriate and will be valued by employees. Highlights the importance of considering how employees might react differently to what a manager may see as a reward. Concludes that managers should not be the only ones responsible for **employee engagement**, and that it should be a core value of the organisation, not just an activity.

Ref No: A42646

Jacobs, Katie

Food for thought (branding), IN HR Magazine, Dec 2012, pp38-40

Journal article

2012

Pages: 3

ISBN:

Discusses the importance of branding in business. Describes the experiences of EAT, a food retailer which recently underwent a rebrand by making its employees the face of the company. Emphasises the importance of **employee engagement** to the company's **success**, and discusses initiatives implemented such as: an internal competition to design a new staff uniform; a revamping of staff job descriptions; and a shift in focus from passive team-focused targets and bonuses to more active customer service-focused ones. Highlights that 80 per cent of store managers now come from inside the company, while recruitment interest in the company has reached the point where they are receiving up to 400 applications each day. Notes the important role played by social media in this, and of videos featuring staff members talking about the company and what it's like to work for them. Argues that an employer brand is not decided by those working in head office, but by those who actually deliver it on the frontline.

Ref No: A34346

Powell, Marcus et al

Healthy and happy, IN HR Magazine, Jun 2011, pp51-56,58-60,62-64,67-68,70-72

Journal article

2011

Pages: 17

ISBN:

Draws attention to the issue of wellbeing in the workplace and identifies distinct perspectives for managers including competitive strategies, nurturing high performance and compliance risk. Looks at whether the state should continue to provide benefits to people on long-term sickness absence, or if employers and insurers should bear the brunt. Reports on the particular problems at work caused by cancer. **Presents key findings from a survey comparing levels of happiness of the workforce with their levels of energy and**

productivity. Reflects on efforts to promote wellbeing in one award-winning social housing organisation, which includes employee access to personal and professional development. Considers progress in work wellbeing and suggests that a more holistic strategy is the best approach to engaging employees with their health.

Ref No: A26422

Wiley, Jack

Employee engagement, IN Human Resources, Feb 2010, pp29-32

Journal article

2010

Pages: 4

ISBN:

Explains how **employee engagement** can be identified and measured, and considers why the pursuit of it should be a goal for the human resource department in every **successful** organisation. Compares the results of an **Employee engagement** Index and finds that the UK lags behind by the greatest margins on work excitement, the perceived effectiveness of one's immediate manager, and being able to improve one's skills. Identifies employee survey items enabling the measurement of performance excellence. **Concludes that a combination of performance excellence and employee engagement leads to business success.**

Ref No: B8107

Macleod, David; Brady, Chris

The extra mile: how to engage your people to win

Pearson Education Ltd., Edinburgh Gate, Harlow, CM20 2JE

2008

Pages: 289

Price: 21.99

ISBN: 9780273703945

Investigates the importance of **employee engagement** and asks why it is becoming increasingly vital as a predictor of **success** for an organisation. Summarises published literature on **employee engagement** and draws upon various research studies. **Explores the evidence that links engagement to performance and sets it in a broader society wide context to present a case that engagement predicts performance.** Draws upon the expertise of a range of specialists and leaders from a variety of business sectors. Considers the multifaceted and complex nature of engagement which relies on management attitudes as well as concepts such as trust, respect, and pride. Discusses seven factors as 'pillars of engagement': commitment, working on the front line of the organisation; creating co-ownership; creating a reservoir of employees' wellbeing; refocusing the role of 'middle management'; harnessing talent; and rewarding engagement and engaging behaviours.

Obtaining full-text material

This enquiry response may contain references to online reports, books or journal articles. These items have been selected from the range of databases and electronic resources available to the Research Team as appropriate.

Where full-text is available online we have provided the link in the response. We can provide the full-text of journal articles or reports in electronic format through the Information Service database. We can also arrange loans of books from our own collection.

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