WHY YOU WANT YOUR EMPLOYEES TO SMILE:

A STUDY EXAMINING THE IMPACT OF

HAPPINESS IN BUSINESS

by

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HAPPINESS IN BUSINESS

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This study of happiness in the workplace first defines happiness, and then moves into explaining why happiness is a concept that is worth a company’s time and focus. This paper develops a model that shows how companies can inspire happiness in their employees, and the productive outcomes that will result from that focus on happiness. JetBlue Airways, Warby Parker, and Southwest Airlines are three companies that have been successful in inspiring happiness in their employees, and they have experienced the productive outcomes resulting from those happy employees. The essence of this paper is showing how happiness isn’t an unattainable concept for businesses, but rather, when emphasized, it can lead to more productive outcomes and employees.
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INTRODUCTION

It is no surprise to company leaders that happy customers equate to a successful business. In the recent past, companies have also started to realize that their employees' satisfaction is another important piece of the puzzle when it comes to creating a successful business. Tony Hsieh of Zappos said to Ruth Sherman (2012) during an interview that, “customer service is about making customers happy, and workplace happiness is about making employees happy.” Customer and employee satisfaction together seem to be a sure fire way to success, but why don’t we normally associate happiness or satisfaction with today’s most successful companies? Millick (2009) defines happiness as, “the positive conscious and emotional experience that accompanies or stems from achieving one’s values or goals and exercising one’s individual human potentialities, including talents, abilities, and virtues. In other words, happiness results from personal flourishing” (Values-Based Leadership and Happiness, para. 1). It seems that more companies seem to be placing greater emphasis on empowering their employees in order to promote their “personal flourishing,” because they are starting to recognize the benefits of doing so.

There is a good amount of research on general workplace happiness and where it comes from. Lafferty, Goldsmith, and Hult (2005) claim that, “Subjects feel more positive toward a brand when it’s perceived to help a worthy cause” (427). This shows why customers are inclined to support socially minded businesses, but what about the less socially focused companies? Research shows that customers and employees feel happier when they feel a connection to the product or service they
are buying, or the work they are doing. Andrew (2011) claims that workplace happiness is subjective to the employee, which reveals that it is available to any and all people, regardless of the type of company they work for or purchase from.

Although there is information describing the power of companies to create a happy work environment, there seems to be a gap in the information when it comes to creating practical applications for different businesses. There is not a comprehensive model that exists, which would allow any company who used that model to inspire happiness in their employees, while improving their company simultaneously.

The goal for this paper is to answer that challenge by creating a model for entrepreneurs, founders, and managers of all types of companies to follow as they strive to inspire happier employees, more productive workplaces, and highly satisfied customers. This paper will strive to answer the question, “is a focus on happiness beneficial to a company’s stakeholders, and if so how do they go about inspiring and sustaining happiness?” The goal is to create a model that company leaders can use to create happier and more productive work environments. This paper aims to discover if there are certain factors that founders can infuse within their companies to increase the happiness of their stakeholders, primarily their employees, and whether or not those factors can create more productive companies that can better deliver on their missions.

RESEARCH QUESTIONS

Following is a thorough review of literature on workplace and employee happiness. The aim of this paper is to answer these questions: what does happiness
look like in the workplace? What factors contribute to a happy work force? How can those factors be promoted in a business culture? Is happiness worth a company’s focus? Which companies are making the happiness of their employees a priority, and what results have emerged? As such, the remainder of this thesis is as follows.

First, the literature review will define happiness, including what has been studied in the management literature as well as antecedents to the concept of happiness in the workplace. Next, several example cases are discussed including how they utilize happiness in the workplace. Last, implications, some interesting discoveries, and advice for future research for happiness in the workplace are discussed.

LITERATURE REVIEW

Happiness Defined

There are many different definitions of happiness. For starters, the Merriam-Webster dictionary defines happiness as, “a state of well-being and contentment.” While this is a useful start, the definition above can be applied to a myriad of issues. One of the most important things in many people’s lives is where they work and how they spend that time. Some would argue that happiness – especially in the workplace – is important.

As such, management scholars have defined happiness in the workplace in many different ways. Aaker, Kamvar, and Mogilner (2014) define happiness as a dynamic concept, “showing how it naturally changes over the course of time” (p.324). They contribute this to two primary factors: a person’s age and temporal focus. They go on to show that as a person ages and their focus on either the present moment or the future changes (a change in temporal focus), happiness for that
person can either be experienced with excitement and energy, or it can be experienced in a peaceful and calm state. Millick (2009) defines happiness as, “the positive conscious and emotional experience that accompanies or stems from achieving one’s values or goals and exercising one’s individual human potentialities, including talents, abilities, and virtues. In other words, happiness results from personal flourishing” (Values-Based Leadership and Happiness, para. 1). This definition emphasizes the experience of the individual in the workplace, and starts to identify how people reach states of well-being and contentment. These definitions point out that each person is different, and therefore will achieve happiness in a different way. In other words, happiness is only happiness in the eyes (or heart) of the beholder. Once a person truly knows who he or she is, if that person’s experiences align with his or her values or what he or she enjoys, he or she will flourish and truly be happy.

**Consequences of Happiness: Is it Worth the Time?**

Many companies and people in today’s business world might look at happiness and think of it as a childish factor to look at when trying to improve a company, but it is worth a company’s time and attention. Aaker, Kamvar, and Mogilner (2014) point out that the vast majority of individuals want to be happy, despite their location, age, and socioeconomic status. They discuss the differences in brain functions of people who are in positive moods. They show that, “people in positive moods are more likely to be optimistic about favorable events occurring, to think abstractly rather than focus on immediate and proximal concerns, to be creative in their problem solving, and to evaluate people and objects more
favorably” (314). Optimism, abstract thinking, and creative problem solving are factors that are significantly affecting employment decisions today, and this research points out that those same factors are the result of employee happiness.

Yang (2014) states that, “the importance of subjective well-being is crucial since empirically it has been shown that a happy worker is more likely to be successful in many aspects” (515). This supports Millick’s (2009) definition of individual success since it identifies success as being subjective. It reveals that an employee who connects well with a company will automatically feel happier working for that company. Since happiness is subjective, a company won’t know if people will be happy working there until an actual individual works in the environment to discover if he or she is a proper fit.

Millick (2009) goes on to support his definition by talking about the impact happiness has on a company. “On average, when employees are actively engaged in the organization, customers are happier, productivity is up, turnover is low, and the organization is financially productive and profitable” (para. 26). All of the things listed are positive outcomes for any business. A company can’t survive without customers, and if they are happy, they are more likely going to return. Higher productivity and reduced turnover not only create a more efficient company atmosphere, but also help reduce costs and increase the company’s revenues. These are positive outcomes that companies desire, and they stem from employees being actively engaged in the company. Engagement is the result of allowing employees to feel power and control in their roles, which enables them to connect with the
company on a deep level. This is one factor that makes employees happy to work for a particular company.

**Happy Environment Creation**

Herb Kelleher and Southwest Airlines are one example of a company that has reaped the benefits coming from happy employees. But it is an example that shows that in order for a company to create a happy atmosphere, upper level management has to spark that vision and movement. Yang (2014) points out that, “ethical leadership indirectly influences both employee well-being and life satisfaction” (521). Naturally, humans look up to other humans as leaders and influences in their lives. When employees have leaders to look up to who behave ethically, it increases happiness because they are motivated to work hard on behalf of those leaders. Your boss, unless it is a bad working situation, is going to be someone you look up to because he or she has a large say in your role in the company.

Aaker, Kamvar, and Mogilner (2014) discuss the dynamic aspect of happiness, and point out that age and temporal focus change the way people view happiness. They perform a variety of experiments, using music, tea, and bottled water, to hone in on which age groups prefer excited happiness and which age groups prefer calm happiness. “These findings support an aged-based difference in the experience of happiness. For the younger participants, happiness stemmed more from feeling excited, and for the older participants, happiness stemmed more from feeling calm” (319). They wanted to substantiate their claims on a different factor than age, so they looked into whether or not a person’s temporal focus changes with age.
Aaker, Kamvar, and Mogilner (2014) define temporal focus as the period of time that a person focuses on (either present or future), and they believe a person’s temporal focus changes as he or she gets older. They contribute this to the fact that, “as individuals get older, their futures become less expansive, the present moment gains importance, and attention becomes more centered on the here and now” (313). They connect age and temporal focus, and explain how they change, by stating, “when people are focused on the future (either because of a situational factor, or chronically because of young age), excitement tends to be experienced as happiness. When people are focused on the present moment (either because they have been reminded to focus on the here and now, or because they are older), feeling calm is experienced as happiness” (313). Companies should be aware of these factors as they look into their employees’ age, and whether or not they focus on the present or future, so they can structure their work environment and incentive structure to inspire the most happiness in their employees.

After leaders and founders establish environments that will allow their stakeholders to be happy, they need to maintain that environment. Fisher (2010) states that, “individuals will be more authentically happy if they feel a ‘calling’ or a connection between what they do at work and a higher purpose of important value” (398). Much like it has been suggested that employees who are more engaged in their work feel happier, people who feel a calling to their work are also happier. They sense that they truly belong and are contributing to the success of the company. Fisher also states that, “Charismatic leadership and leader-member exchange are high predictors of employee happiness” (394). This shows that
happiness is the result of communication between a subordinate and his or her boss. Without communication and knowing what things are working well and those that aren’t, it would be difficult for both the employee and the leader to experience happiness.

**Factors Contributing to Happiness in the Workplace**

There are several concepts that lead to happiness in the workplace. For example, Fisher (2010) identifies different factors for producing a happy work environment. “Three factors are critical in producing a happy and enthusiastic workforce: Equity (respectful and dignified treatment, fairness, security), achievement (pride in the company, empowerment, feedback, job challenge), and camaraderie with teammates” (394). This definition shows that happiness can be more communal than Millick’s definition described.

One company known for its emphasis on happiness in the workplace is Zappo’s, an online retailer primarily of shoes. Founder Tony Hsieh identifies important concepts like “perceived control and power, connectedness, and vision or meaning” (para. 7) as likely antecedents to happiness. Hsieh explained perceived power and control by highlighting the importance of giving his employees new opportunities through promotions and movement within the company, based on their time and effort spent as employees. Connectedness between the different employees of Zappo’s as well as with their customers, and the strength of Zappo’s vision and meaning are highlighted by the company’s desire to consistently go above and beyond in meeting customer demand. Hsieh points out in this interview with Sherman (2012) that people can’t ultimately predict what will make them
happy. But these four concepts work together to create an atmosphere in which an employee feels empowered and trusted by the company to do his or her work.

Additionally, perceived control and perceived power refer to the type of engagement that Fisher (2010) talks about when he discusses employee achievement, accomplishment, and empowerment. Presson (2013) addresses this with the discussion of giving employees more freedom and rights to discover what they are capable of. Hsieh’s emphasis of connections between employees and with customers is similar to Fisher’s (2010) idea of camaraderie with teammates or “fit” with a company, which is a result of a situation providing what an employee needs relationally. “Vision or meaning” refers to the guiding principles of a company that are set by the founder. Yang (2014) states that leaders can set the style of the organization to develop as ethically, morally, honestly, or unethically. Those values will be what guide the company. Not only does a strong vision inspire happier employees, but it leads to happy customers too. Hsieh mentions this directly when he tells Sherman that you can’t have happy customers without happy employees (Sherman 2012). He advises founders to start by identifying your company’s values and adhering to them. He points out that a company made up of people who take the time to establish connections with all of the company’s stakeholders will ultimately influence them to come back for repeat business. He also describes how a company can foster employee engagement by taking advantage of the work hours to create memories and stories amongst the members of the workforce.

Andrew (2011) provides another set of traits that are important for influencing happiness in the workplace. Andrew states that, “four traits consistently
found to mark happy people are actually components of Emotional Intelligence: Self-esteem, a sense of control, optimism, and extraversion” (p. 5). Self-esteem refers to the amount of confidence a person has in his or her worth or abilities. Sense of control refers to the amount of ownership people feel for their work. Andrew (2011) supports optimism, or a positive outlook on life, and extraversion when he notes the direct relationship between social bonds and a person’s long-term happiness (p. 5). These four traits are very common in many day-to-day leadership assessments. These four traits show what qualities to look for in a person to determine if he or she is likely to be a happy individual. Some people are more predisposed than others to be happy and these traits can help identify those people.

Included below is a table to summarize the different concepts of happiness that were introduced in the above literature review. The definitions of the different factors in the table contributing to happiness can be found in the above sections outlining and defining happiness, and explaining its importance in the workplace.
Table 1: Summarization of the Different Concepts of Happiness

<table>
<thead>
<tr>
<th>Author</th>
<th>Concept</th>
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<tbody>
<tr>
<td>Millick (2009)</td>
<td>• Values and goals</td>
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<tr>
<td></td>
<td>• Human potentialities</td>
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<td></td>
<td>o Talents, abilities, and virtues</td>
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<td></td>
<td>• Personal flourishing</td>
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<tr>
<td>Fisher (2010)</td>
<td>• Equity</td>
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<td></td>
<td>• Achievement</td>
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<td></td>
<td>• Camaraderie with teammates</td>
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<td>Andrew (2011)</td>
<td>• Self-esteem</td>
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<td></td>
<td>• Sense of control</td>
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<td>• Optimism</td>
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<td>• Extraversion</td>
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<tr>
<td>Sherman (2012) with Tony Hsieh of Zappos</td>
<td>• Perceived control</td>
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<td></td>
<td>• Perceived power</td>
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<td></td>
<td>• Connectedness</td>
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<td></td>
<td>• Vision or meaning</td>
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<tr>
<td>Aaker, Kamvar, and Mogilner (2014)</td>
<td>• Dynamic and based on:</td>
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<td></td>
<td>o Age</td>
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<td>o Temporal focus</td>
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Model 1: Prerequisites for Happy Employees and Outcomes

- Employee Empowerment
  - Perceived control, perceived power, achievement, human potentialities (talents and abilities), self-esteem, and sense of control

- The Power of Vision
  - Vision or meaning, optimism, and values or goals

- Relational Dynamics
  - Connectedness, camaraderie with teammates, and extraversion

- Happy Employees

- Increased productivity

- Increased Organizational Citizenship Behaviors (OCBs)

This model is the charted collection of what this thesis aims to prove. The top three categories: employee empowerment, the power of vision, and relational dynamics are “antecedents” or prerequisites for inspiring happy employees in the workforce. Employee empowerment is a category that emerged after analyzing Sherman’s (2012) definitions of perceived control and perceived power, Fisher’s (2010) discussion of employee achievement, Millick’s (2009) emphasis on employees’ talents and abilities in the workforce, and Andrew’s (2011) discussion of
employees’ self-esteem and control. Together, this thesis argues that those different dimensions all contribute to the idea of employee empowerment.

The power of vision category comes from a collection of the ideas of Sherman (2012) in his interview of Tony Hsieh of Zappo’s, Andrew (2011), and Millick (2009). Sherman stresses the importance of employees rallying behind a company’s guiding vision and mission. Andrew (2011) suggests the important role that optimism plays in the workplace, and Millick (2009) recognizes the importance of a company having clearly established goals and values.

The idea behind relational dynamics stems from the research of Sherman (2012), Fisher (2010), and Andrew (2011). Sherman suggests how important connectedness among team members is in the workplace. Fisher supports camaraderie with one’s teammates as being a key determinant of a person’s happiness, and Andrew suggests that extraversion can add to the amount of a happiness a person feels in the workplace.

Together, this thesis suggests that a company or management team who emphasizes employee empowerment, a strong vision, and relational dynamics in the workplace will create happier employees. This thesis goes on to suggest that creating happier employees should be a goal that companies pursue because those employees, when happy, will be more productive and engage in more organizational citizenship behaviors.
METHODOLOGY

In order to gain a better understanding of the three proposed antecedents or critical concepts that lead to happiness in the workplace, this thesis will develop cases around three prominent companies. The data for this case analysis was obtained through Harvard Business Review publications and various articles. The objective of these cases is to highlight how three prominent companies, considered by society as being happy and prosperous, utilize different concepts from this thesis’ proposed model for happy employees.

A case example highlighting one of three companies: JetBlue Airways, Warby Parker, and Southwest Airlines supplements each prerequisite for happiness. There is no significant reason that two of the companies used in the case studies are members of the airline industry, while the third company analyzed is a social enterprise operating in the eyewear industry.

The first prerequisite, employee empowerment, speaks to the importance of management engaging the workforce and also providing autonomy to employees, so they can take ownership of their work. JetBlue exemplifies this concept through the use of company summits or conferences to gather the opinions and feedback of their frontline crewmembers. Next, the power behind vision, highlights the important roll management has in setting the vision of a company. Warby Parker’s founders created the company with the lofty goal of “disrupting an industry for the benefit of consumers” (Marquis and Villa, 2012, p. 11). In order to do this, they have empowered their employees with autonomy, which motivates them to work hard in delivering the company’s vision (Marquis and Villa, 2012). Relational dynamics are
the structures that a company puts in place to guide their employees as they work side-by-side with one another. Southwest Airlines turns these dynamics into a key competitive advantage as they consistently emphasize the team over the individual, which allows them to deliver more consistent and efficient service.

When management utilizes these different factors, they can create a more happy work environment. The workers who make up that work environment in turn are more productive and contribute positively to the company by engaging in additional organizational citizenship behaviors.

**Employee Empowerment**

Peter H. Van der Meer and Rudi Wielers highlight the importance of employee empowerment when they say, “challenging work with a high level of autonomy makes the workers happy” (2013, p. 357). They go onto define empowerment when they explain that jobs requiring a variety of skills, and allow for a person to take ownership and identify with, lead to increased satisfaction and motivation (p. 358). Therefore, their definition of happiness-inspiring empowerment centers on giving employees challenging tasks that they can feel a sense of ownership for. After completing their experiment, they found that experiencing autonomy is one of the most important factors influencing employee happiness (Van der Meer and Wielers, 2013).

Zeglat, Aljaber, and Alrawabdeh also look at the impact of employee empowerment on an organization, but they investigate the connection between empowerment and organizational citizenship behaviors. They define empowerment as, “giving employees more authority and discretion in performing work tasks and
giving them autonomy to solve all issues related to their work” (Zeglat, Aljaber, and Alrawabdeh, 2014, p. 56). The similarity with Van der Meer and Wieler’s definition resides in employees being able to take ownership for their work tasks. Taking Van der Meer and Wieler’s points about empowerment sparking happiness in employees, the Zeglat, Aljaber, and Alrawabdeh article shows how empowerment translates into tangible and productive organizational outcomes. When discussing customer-oriented behavior, they view it as a predisposition of employees to be courteous and give customers a higher level and quality of service (Zeglat, Aljaber, and Alrawabdeh, 2013, p. 57). They identify that “job satisfaction, organizational commitment, and customer-oriented behavior highly mediate the relationship between psychological empowerment and service quality” (Zeglat, Aljaber, and Alrawabdeh, 2013, p.58). Ultimately, if empowerment creates happier employees and spurs them on to provide better service to customers, then it makes sense that a focus on employee empowerment can lead to more successful companies.

Jet Blue, after being recognized for its superior treatment of customers during its first decade of operations, decided to drill into the impact of employee empowerment. The company discovered that empowering their employees and engaging them in creating their strategic vision for the future, led to more job satisfaction and identification with the company. This initiative has allowed JetBlue to solidify its reputation as a company that employees enjoy working for and provides superior customer service.
JetBlue

In 2014, JetBlue once again received the award for best overall satisfaction among lost-cost airline carriers. The company began operations in 2000, so they began reviewing their policies in 2010 as they moved into their second decade of operations. 2010 marked the sixth consecutive year that they had received an award for their excellent customer satisfaction ratings (Cancialosi and Glasner, 2012). But as their executive board began to look over the company and its policies, they realized that they couldn’t pinpoint the root cause for having achieved this award so many times. As a service company, they recognized that their employees, mainly their crewmembers, were responsible for interacting with their customers and creating this satisfaction. They wanted to identify and craft a strategy to solidify the high level of customer satisfaction. JetBlue realized if it could, “heighten the intense loyalty and deep emotional connection with its crewmembers, the same type of connection will be made between the customers and whom they served” (Cancialosi and Glasner, 2012, p. 2). They knew that they had been operating at a high level of customer service throughout the years, but as they saw their advantage over other companies in the low-cost carrier category start to diminish, they decided they had to solidify their lead in this category.

The time was perfect for JetBlue. They used their ten-year anniversary as an opportunity to reconnect with the company’s leaders and crewmembers to develop a strategy that could guide the company through the future and guide their employees to provide consistent, highly satisfactory service to their customers. They adopted a strategy focused on employee empowerment and engagement. If they
could do this successfully, JetBlue would achieve its vision of becoming “America’s favorite airline by bringing humanity back to air travel.”

Senior leaders within the company began to engage one-on-one with crewmembers to find out what “enabled and prevented them from delivering magnificent service” (Cancialosi and Glasner, 2012, p. 3). The company held two separate conventions or summits, in New York City and Salt Lake City, where frontline crewmembers could attend and actively contribute to JetBlue’s customer service strategy moving forward. This move was JetBlue’s way of empowering the very people responsible for making JetBlue so successful in the past, its crewmembers. Although many employees were confused at the prospect of “fixing something that wasn’t broken,” these summits were extremely well received because management was very open about their purpose of solidifying JetBlue’s lead (Cancialosi and Glasner, 2012, p. 2).

At the summits, employees worked to develop tactics and specific activities to solidify JetBlue’s strategy of bringing “humanity back to air travel.” They wanted their crewmembers to own this strategy moving forward, and these summits allowed them to “identify with the vision and strategy and to engage in discussions about how their individual behaviors and attitudes helped the organization achieve success.” JetBlue empowered its crewmembers through engagement at these summits to realize they were the true instigators of change and success with the customers of the company. The summits were intended to reinvigorate crewmembers and help them understand the direction of the organization for the
next decade and the critical role they would play in achieving the vision” (Cancialosi and Glasner, 2012).

JetBlue took the feedback provided by its crewmembers at these summits very seriously. The executive board took their feedback and crafted various initiatives and projects that aligned with keeping JetBlue at the top in terms of being a superior service organization. This engagement and empowerment is what invigorated employees to be happy about working at JetBlue.

In order to measure their progress on various initiatives of customer service, they used metrics such as customer net promoter score, compliment to complaint ratio, and crewmember engagement scores. There was significant improvement in all of these categories, which highlights how impactful employee engagement and empowerment are in creating lasting strategies for a company. “Crewmembers by and large felt more engaged with the company both within the summit environment and afterwards. They were appreciative of the opportunity to participate in crafting JetBlue’s plan for the future and experienced a renewed connection to the company” (Cancialosi and Glasner, 2012). Overall, including their crewmembers in the crafting of their strategy allowed JetBlue to contribute to the happiness of their employees by giving them responsibility for the company moving forward.

**The Power behind Vision**

Another key factor in inspiring passion within employees is a powerful company vision. A company’s vision can be thought of as the principles that guide a company (Wright, 2014). Rick Wright writes that, “without a vision, the people perish.” But “vision is a powerful notion that, when cultivated, ignites people’s
passions” (2014, p. 65). He goes on to explain the powerful impact that a vision has on a company’s culture because it defines the acceptability of different behaviors.

A company’s vision can come from different sources. Wright explains three different sources: a visionary idealist, a visionary pragmatist, and a collaborative strategist (Wright, 2014). The visionary idealist is a person often “possesses a spiritual-like aura” or charisma, and tends to have an eye for innovative opportunities (Wright, 2014, p. 65). The visions that these leaders inspire tend to test industry standards for behavior and ethics (Wright, 2014), but they can be groundbreaking and highly attractive to employees. The visionary pragmatist is someone who can take a struggling company, and turn it around with a vision that reenergizes employees and helps the company rise from the ashes (Wright, 2014). The collaborative strategist relies on the team to create a company’s vision, which can give employees a sense of empowerment, but runs the risk of vision development being “relegated to a backseat position” (Wright, 2014, p. 67).

The vision that a company sets is crucial in developing the culture of a particular organization. The founders of Warby Parker not only set out to literally bring vision to the world, but they wanted to do it “with a rebellious spirit” (“What Eyewear Startup,” 2013, para. 10). This attitude resembles that of a visionary idealist. This has allowed their employees to unite behind the company, and ultimately find happiness implementing the unique business model of the company.

**Warby Parker**

Although Warby Parker was founded as a company to bring vision to people around the world, a main reason it has been so successful is the vision that the
company has been guided by since its inception. “Warby Parker was founded with a rebellious spirit and a lofty objective: to offer designer eyewear at a revolutionary price, while leading the way for socially conscious businesses.” This sentence is placed front and center on the first page of the website that is highlighting the company’s history. And that rebellious spirit has been key in establishing Warby Parker as a serious player in the eyewear industry.

The four executives of Warby Parker realized one night as they were hanging out that eyewear is simply too expensive. In order to buy a good pair of frames with decent lenses, people tend to pay hundreds of dollars. This is due to the fact that two companies, Luxottica Group SpA and Essilor International SA, primarily dominate the eyewear industry. Luxottica owns successful retail stores (LensCrafter, Sunglass Hut, and Pearle Vision), optical brands (Oakley, Ray-Ban, Oliver Peoples, and Persol), and it also licenses products from highly successful fashion retailers, such as Ralph Lauren, Chanel, and Prada. Luxottica was marking up frames up to 25 times from the moment they were manufactured to the point of sale. Essilor’s dominance within the eyewear industry comes from success in crafting lenses specifically. Because of their huge presence within the industry, these two companies together could basically set prices as high as they wanted to, and thus muscle competition out of the industry (Marquis and Villa, 2012).

The founders of Warby Parker recognized that they could, “lower prices by bypassing the frame companies and optical shops by selling directly to consumers online” (Marquis and Villa, 2012). They knew they could produce high quality and fashionable frames and glasses, and sell them for a fraction of the price of their
highly established competitors. They developed a direct relationship with a supplier of acetate, which is a very durable material used to make frames, the frames were manufactured from that material in China, and then lenses were inserted in New York. This streamlined process has allowed Warby Parker to cut out many of the costs that allow companies like Luxottica to hike up their prices. Warby Parker established itself as an online retailer from the get-go, which also helped the company keep costs low. They created a fun and user-friendly website, and utilized technology that allowed customers to virtually try-on eyewear, to help them sell their products without having a physical store in the beginning. These were factors that companies like Luxottica and Essilor had the financial resources to instate, but because of their dominance of the industry, they saw no need to improve their efficiencies or find ways to lower their costs. It took a disruptive player, like Warby Parker, to call their bluff, and create a more efficient and economically priced model (Marquis and Villa, 2012).

Another distinguishing factor of Warby Parker's vision is its social focus, which is another disruptive factor within the eyewear industry. Neil Blumenthal, one of Warby Parker’s founders, had worked for VisionSpring, a nonprofit that provides eyewear to people in need, for a few years before helping start Warby Parker. He was able to see firsthand how a pair of eyeglasses can increase a person’s productivity by 35% and their monthly income by 20% (Marquis and Villa, 2012). Warby Parker was founded as a disruptive company that would set prices where they should be in the eyewear industry, and they also connected their work to a social cause. For every pair of glasses that the company sells, they donate a pair to
companies such as VisionSpring, so that they can give them to someone in need. This is a cause that creates a true connection between their customers and the eyeglasses they are selling, which is one of the main ways Warby Parker pulls customers away from the more established companies like Luxottica.

Ultimately, crafting an amazing vision for a company is important, but the implementation of that vision on a company-wide basis is what creates impact. It is critical to have your employees buy in to that vision for it to be effective. Warby Parker hit the market and became an instant hit. Therefore, the company had to hire employees quickly after opening in order to scale their operations properly and to keep up with demand. The second employee of the company, Colleen Tucker, explains how the employees “were given a lot of autonomy by the founders as we tried to provide the best customer experience possible.” As highlighted by the case example of JetBlue, companies that empower their employees not only create happy employees, but they create productive agents of change in the workplace. Colleen also identified that “teamwork and fun were huge elements of that first office.” The company has continued to expand, but has continued to place significant importance on maintaining the fun atmosphere that existed when they began operations, and their employees loved jumping into this disruptive and fun atmosphere. They could easily latch onto the vision the company was laying out (Marquis and Villa, 2012).

Warby Parker has eight core values that have shaped their vision and culture thus far. They are as follows:

1. Inject fun and quirkiness into work, life, and everything we do

2. Treat others as we want to be treated
3. Continually challenge ourselves to learn and grow

4. Do good

5. Act with integrity

6. Pursue new and creative ideas

7. Be biased toward action

8. Set ambitious goals and measure results

These core values are imparted to every employee of Warby Parker when they walk in the front door. And ultimately, they are the reason Warby Parker has been so disruptive. They have had a lofty vision from the get-go: undercut the unnecessary prices of established competitors, sell high quality glasses, and give away glasses to people who need them at the same time. That is why the employees of Warby Parker are overjoyed to work there, and why customers have come to love this quirky and fashionable brand.

**Relational Dynamics**

Both Warby Parker and JetBlue emphasize people, and naturally a company employs a group of people. Therefore, it makes sense to think that employees, who relate well to one another, would enjoy working together, and feel more satisfied in the workplace. Van der Meers and Weilers support this by saying, “a good relation with your colleagues improves satisfaction,” and “socializing at and after work has a positive impact on happiness” (2013, p. 360). Aaker, Rudd, and Komilner echo this finding by pointing out, “there is a clear relationship between happiness and the amount of satisfaction a person derives from a leisure experience, and social leisure activities contribute to more happiness than solitary ones (2012, p. 40). They
challenge companies to structure environments where employees who work together can become friends and feel happier.

Rego, Ribeiro, and Cunha talk about employee happiness in terms of affective well-being (2010). They create a model to show when employees perceive an organization to be virtuous, they experience affective well-being or happiness, and then engage in more organizational citizenship behaviors (Rego, Ribeiro, and Cunha, 2010, p. 216). Therefore, the more virtuous an employee perceives a company to be, the more happiness they will experience working for that company. It can be reasonably assumed that organizational citizenship behaviors, which are actions that go beyond your job description to support the people you work with, lead to a more productive company. Grant, Christianson, and Price also talk about employee well-being, and state that, “extensive evidence indicates that employee well-being has a significant impact on the performance and survival of organizations (2007, p. 51).

Southwest Airlines heavily emphasizes team dynamics over the individual. Grant, Christianson, and Price talk about team building practices and how they can increase employee well-being, but they also stress how companies must be careful not to infringe on an employee’s feeling of autonomy. This is a crucial point because Van der Meer and Wielers identified experiencing autonomy as one of the most crucial factors in creating happy employees. Southwest Airlines manages to walk this line better than most companies as they emphasize all employees working together to deliver the most consistent and efficient service, time after time.
Southwest Airlines

When researching superior company culture, Southwest Airlines always happened to be one of the first companies to emerge. It is incredibly fitting that the stock ticker for the company is LUV because love seems to be the driving factor behind the employees or “people” of Southwest Airlines and the company’s success. The founder, Herb Kelleher, was a charismatic leader who was not afraid to run his business in incredibly unique ways. He placed a heavy emphasis on the company’s employees from the start (Smith 2004).

Like many companies, Southwest Airlines struggled financially as it was trying to get off the ground running. The management team needed to find ways to cut costs quickly, so true to style; Herb Kelleher approached the most important people of Southwest Airlines, the people working and delivering service on their planes. He asked them if they could cut the turnaround time, from landing to next takeoff, for each plane to 15 minutes, which was significantly lower than any other airline. Through hard work, the employees accomplished this goal, and in return for their success, Mr. Kelleher refused to lay any Southwest employees off. That respect for people from top management has spread throughout the entire culture of Southwest Airlines, and it is what continues to pass on to customers to this day through Southwest’s “people.” Even after September 11, 2001, when many airlines started laying people off to cut costs, Southwest airlines refused to institute layoffs (Smith 2004).

Another driving factor of Southwest’s success is its emphasis on the team, as opposed to the individual. “Southwest believes functional accountability leads to
finger pointing between departments. Southwest’s philosophy is shared goals and shared knowledge” (Smith 2004, p. 3). The company was able to reduce its turnaround times so significantly because this task is the responsibility of all pilots, flight attendants, and gate service agents at the airport. In order to deliver this consistent service to customers, all Southwest employees have to be on board in order to deliver excellent service. This teamwork creates an environment where people enjoy working together, without getting caught up in a hierarchal organization structure. Southwest expects each one of their employees to help their colleagues whenever it is necessary, which improves labor productivity and gives the airline a significant competitive advantage (Smith 2004).

People also love to work at Southwest because the company provides a fun and quirky atmosphere. The roots of this culture can be attributed to Mr. Kelleher who was willing to do whatever it took to show his “people” that the company values them. Having employees feel as though they are valued, increases their self-esteem and sense of self-worth, and motivates them to pay that sense of value forward by providing superior service to customers. One story that highlights Mr. Kelleher’s dedication to his employees involves the mechanics working the night shift. Since they worked throughout the night, they often missed out on company celebrations. Therefore, Mr. Kelleher decided to throw a late night picnic, where he and other employees, cooked for those mechanics (Smith 2004). That willingness to go above and beyond for his employees has created an atmosphere of “LUV” at Southwest. Employees love to work for the company, and they share that love with customers through superior customer service. Ultimately, this creates happy
employees who don’t want to leave the company, thus reducing turnover costs, and happy customers who want to continue purchasing tickets from Southwest, thus increasing company revenues.

**Interplay**

Although these three companies have been highlighted to exemplify the different prerequisites for happiness individually: employee empowerment, the power of vision, and relational dynamics, it should be made known that these three qualities often interplay with one another as management teams strive to create happier employees. They don’t inspire happiness in their employees simply by focusing on one prerequisite for happiness, but rather companies that have happy employees tend to use the three prerequisites to complement each other. The founders of Warby Parker established the company not only to be guided by a powerful vision, but they also established systems of employee empowerment and relational dynamics as well.

The company’s second employee, Colleen Tucker, is quoted as saying, “we talked to customers as you would a friend and were given a lot of autonomy by the founders as we tried to provide the best customer service experience possible” (Marquis and Villa, 2012, p. 7). This degree of autonomy highlights that Warby Parker’s founders value employee empowerment as they strive to deliver the best customer service experience possible. She continues by saying, “we sat in tight quarters, in an open office, and were all friends who worked hard together...teamwork and fun were huge elements of that first office” (Marquis and Villa, 2012, p. 7). Obviously, the founders set the company up with a strong vision,
empowerment, and relational dynamics in mind, as evidenced from this quote. Those employees enjoyed working hard together because the founders entrusted the future success of Warby Parker to them early on.

**Outcomes**

The proof for a company to focus on inspiring employees resides in the fact that happy employees are more productive and engage in more organizational citizenship behaviors. Rego, Ribeiro, and Cunha highlight that organizational citizenship behaviors are “related to extra-role performance” (2009, p. 216). In other words, when employees engage in organizational citizenship behaviors, they are supporting their coworkers and the company overall by performing duties that are not officially listed in their job descriptions. They explain how impactful organizational citizenship behaviors are in improving the performance of employees in the workforce and the company as a whole (Rego, Ribeiro, and Cunha, 2009). Their findings show how, “happy employees show higher performance” (Rego, Ribeiro, and Cunha, 2009, p. 226).

Zeglat, Aljaber, and Alrawabdeh (2014) support this finding as they talk about the productive actions of employees in terms of “customer-oriented behaviors.” They suggest that, “employees being satisfied make them more committed to their organizations and to the service they offer. Because of this, customers and clients become more satisfied and loyal, and more sales, revenues, and profits can be guaranteed” (Zeglat, Aljaber, and Alrawabdeh, 2014, p. 57). This shows that happy employees are more inclined to offer better service, which better
satisfies customer needs, and therefore creates a more productive company through increased financial returns and customer service ratings.

**IMPLICATIONS**

**Evolution of Business**

An up-and-coming industry in the business world is the social enterprise industry, and there are a few distinctions of social enterprises that set them apart from “normal” companies. Dart (2004) mentions that social enterprises improve on the idea of social change that is present within nonprofits, by allowing companies to generate revenue which allows them to better serve the causes that they set out to meet. Since social enterprises are able to generate revenue, they are able to make up for one of the major downfalls of non-profits, which is not being able to grow and improve how they are meeting the need they set out to serve.

Williams and K’nIfe (2012) add to that definition of the social enterprise by identifying social enterprises as “self-sustaining.” Unlike non-profits, which often receive funding regardless of performance, social enterprises have to perform in order to receive profits and thus continue to serve their particular cause. This is a vital distinction that makes social enterprises attractive companies to work for and purchase from. Employees who work for social enterprises are motivated to eliminate a certain social issue and those employees are high enough quality that they go about doing so using substantial resources and creative methods. That would be hard for non-profits because it can be difficult for them to attract and maintain high-quality talent.
Customers can also be more attracted to social enterprises for various reasons. If a social enterprise proves to be successful, then that company is going to have a much larger marketing budget to appeal to its customers. Social enterprises, which provide tangible goods, allow customers to feel positive internal rewards when they support that company by purchasing its products.

But there are many happy employees and customers outside of the social enterprise and non-profit industries, as evidenced by the cases on Southwest Airlines and JetBlue Airways. At times, it can be harder for these companies to create happy environments if they lose focus on their values and what they set out to do originally. Entrepreneurship at its core is designed to meet diverse societal needs. Chell (2007) comments on entrepreneurship saying, “They neglect to mention the social outcomes and benefits of entrepreneurship – work, employment, belongingness, community, friendship, self-respect, social standing, and development of one’s capability” (17). These benefits can exist in any industry, in any company, and in any place. That is the beauty of entrepreneurship. The vision set out by the founder or founders originally just needs to be one that people can latch onto and get involved with, because the more involved they become in that vision, the happier the stakeholders will be supporting that vision.

**Inverse Effect of Increased Levels of Education on Happiness**

One interesting finding that emerged multiple times in the research is the inverse relationship between the amount of time a person spends getting their education and his or her level of happiness in the workplace. As a result of the experiment they performed, Rego, Ribeiro, and Cunha concluded that, “schooling
correlates negatively with affective well-being” (2010, p. 224). Earlier, they defined affective well-being as a key indicator of employees’ happiness (2010, p. 216). Many employers desire to hire employees with the highest level of education, but this study has shown that higher levels of schooling equate to employees that are less happy.

What is troubling is that the study conducted by Van der Meer and Wielers also proves the “negative effect of education on happiness” (Van der Meer and Wielers, 2013, p. 365). It is undeniable that educated people have certain skills that uneducated people may not have, but these studies suggest that there could be a point of diminishing returns when it comes to a person’s education and their resulting level of happiness in the workforce. This is a claim that merits further research since many companies base their hiring decisions on a person’s education level.

**Happiness in Different Cultures**

It would be unwise to say these factors apply evenly across all types of cultures and companies. There are companies in the world that do not put much emphasis on stakeholder happiness. Chinese culture is based on Confucian ideology, and Yang (2014) says that, “the results revealed that ethical leadership has a negative direct effect on employee well-being which offers significant findings for the meaning of ethical leadership in the Chinese culture.” This is the case in China, where there is much less emphasis on freedom, so a person might feel like turning away from another person who has power over them instead of submitting to him or her. In the Chinese culture, the leader decides how the style and feel of the
organization will develop, and the subordinates comply without questioning the leader. This approach eliminates the leader-member exchange, which Fisher points out as beneficial to a company because it helps open communication between a leader and his or her subordinates.

Aaker, Kamvar, and Mogilner (2014) state that, “European Americans value high-arousal positive affect (e.g., excitement) more than Chinese people, but Chinese people value low-arousal positive affect (e.g., calmness) more than European Americans” (323). The main difference between these two cultures when it comes to the work environment is the emphasis on freedom. Since the Chinese culture places less emphasis on freedom, the Chinese people are deterred from the high-arousal positive affect experience of happiness. The Chinese people emphasize compliance with their leaders, which shows in the value people place on the low-arousal positive affect experience of happiness.

CONCLUSION

Ultimately, this paper has aimed to prove that happiness is not just a flimsy topic, and that aiming to have happier employees is a pursuit that can make a business more efficient and productive. Many different authors have dedicated their time to researching happiness and analyzing how it can be applied in the context of the workplace. It is apparent after analyzing this research that every individual experiences happiness differently. Therefore, instead of a company trying to push every one of their employees to achieve one set level or standard of happiness, putting initiatives in place that produce a happier environment can lead to happier and more productive employees.
The literature on happiness identifies many different factors or antecedents that contribute to employee happiness, but the model presented in this paper condenses those different factors into three main antecedents to promote employee happiness. Those antecedents are as follows: employee empowerment, a powerful company vision, and relational dynamics within the workplace. The literature also shows how these three antecedents lead to more productive employees. Happier employees also feel more inspired to go beyond their official job descriptions and assist their colleagues with various tasks. These types of behaviors are referred to as organizational citizenship behaviors.

This paper went on to supplement this model with three separate case studies on JetBlue Airways, Warby Parker, and Southwest Airlines. JetBlue invited their crewmembers to summit conferences in order to empower those employees to help craft the company’s customer service strategy, and these events were incredibly well-received by employees. Warby Parker has set its vision on being a “rebellious player” in the eyewear industry from the get go, and they do a great job hiring and inspiring their employees to buy into this vision. Southwest Airlines serves as a model company when it comes to establishing relationships with their employees, or their “people” as they like to call them. They deemphasize job descriptions in an attempt to promote their “people” to work together, which allows them to deliver the most consistent and efficient service in the industry. But these different antecedents don’t have to be sectioned off. Many companies use a combination of empowerment, vision, and relational dynamics to inspire happiness in their employees and this also creates a productive environment. Warby Parker

one such organization that has done a great job implementing this happiness model throughout their business, and it shows in the dedication of their employees to the company.

It would be helpful for future research to focus on the inverse relationship between the amount of time that a person spends getting an education and his or her level of happiness in the workplace. This was a discovery that emerged too late in the process of crafting this paper to dig into the topic. But further findings on this topic could be extremely helpful as employers form their recruitment and selection strategies, as well as any happiness models they choose to put into place.

The ultimate goal of this research is to prove that happiness is an area that companies should focus on and strive to inspire in all of their employees. Not only will this result in more fulfilled individuals, but also it will contribute to more productive businesses. If every person could walk out of his or her job experiencing happiness, then this world would be a better and, as this paper has proven, a more productive place.
BIBLIOGRAPHY


