

‘Happy-Performing Managers’ proposition

*Dr Peter Hosie

CBS Post Doctoral Research Fellow

School of Management

Curtin University of Technology

&

Dr Peter Sevastos

School of Psychology

Curtin University of Technology

Corresponding author:

*Dr Peter Hosie

School of Management

Curtin University of Technology

Peter.Hosie@cbs.curtin.edu.au

ABSTRACT

Few conundrums have intrigued organisational researchers and practitioners as has the ‘happy-productive worker’ thesis. Proponents of this idea are convinced ‘a happy worker is a good worker’. Despite mixed empirical evidence from decades of research, there is support in the literature for the notion the ‘happy-productive worker thesis’. An account is provided of a study on variation on the enduring debate of the happiness-productivity theme, the ‘happy-performing managers’ proposition. An empirical study is presented to establish which aspects of Australian managers’ job happiness predict certain aspects of their performance. The emphasis was on investigating an aspect of human behaviour with the potential to enhance managerial performance. A contribution of this study was to provide qualified support for the ‘happy-productive worker thesis’ by linking managers’ affective wellbeing, intrinsic job satisfaction with there contextual and task performance to propose the ‘happy-performing managers’ proposition. Managerial implications on these findings are considered.

KEYWORDS

‘happy-productive worker’ thesis, job-related affective wellbeing, intrinsic job satisfaction, contextual and task performance.

INTRODUCTION

There has long been an adherence amongst practitioners and academics to the intuitively appealing notion that happy employees perform better. Support for this ‘commonsense theory’ (Fisher, 2003) is based on the belief that happy workers are believed to perform better than their unhappy coworkers. Organisational researchers and practitioners remain intrigued by the ‘happy–productive worker’ thesis. Supporters of this idea believe that ‘a happy worker is a good worker’. However, decades of research have failed to establish a strong link between employees’ job satisfaction and performance. Despite support in the literature to suggest that a relationship exists between job satisfaction and employees’ performance the empirical evidence to support this assertion is mixed. Notwithstanding the lack of empirical evidence, the notion that happy workers are more productive is firmly entrenched in management ideology (Cropanzano & Wright, 2001; Ledford, 1999; Wright, Cropanzano, Denney, & Moline, 2002; Wright & Staw, 1999a, 1999b).

A seminal question in industrial/organisational psychology and management is revisited in this article - are happy managers productive? A study is presented to establish which aspects of Australian managers’ job happiness predict with their performance. A variation on the lasting theme of the happiness–productivity theme, the ‘happy–performing managers’ proposition is investigated empirically. We begin by positioning this research within the extant literature on ‘happy–productive worker’ thesis. A critique is then undertaken of the global economic pressures impacting on managers’ happiness at work. An investigation is then described into which indicators of job–related affective wellbeing and intrinsic job satisfaction (both important aspect of happiness) predict dimensions of Australian managers contextual and task performance. The second part of this article examines the implications of these findings on the ‘happy–performing managers’ proposition for human resource practices.

RESEARCH INTO THE ‘HAPPY–PRODUCTIVE WORKER’ THESIS

The origins of the ‘happy–productive worker’ thesis can be traced to the seminal Hawthorne studies (1939), where higher levels of job related performance were attributed to happy employees, compared to their unhappy counterparts. Research into emotions and affect in the workplace were initiated and peaked in the 1930s (Fisher, 1980; Fisher & Hanna, 1931; Hoppock, 1935; Kornhauser & Sharp, 1932; Roethlisberger & Dickson, 1939). Hersey’s (1932) research represented a seminal work on emotions and performance in the workplace which coincided with the Hawthorne studies and Hoppock’s research into job satisfaction. Hersey was arguably the first researcher to demonstrate a definite relationship between emotional state and productivity in the workplace (Weiss & Cropanzano, 1996). Research into the links between affective states and performance has evolved over decades as the definitions, measures, dimensions of interest and terminology into these constructs have been refined.

Studies from the 1930s onwards had found only modest support for the link between worker satisfaction and improved job performance (Organ & Paine, 1999). Belief in the ‘happy–productive worker’ thesis has its roots in the Human Behaviour School of the 1950s (Coyle-Shapiro, 2004). Improving employee morale was believed by proponents of this school to result in higher productivity. Advocates of the 1970s Human Relations Movement had a significant influence on job redesign and quality–of–life initiatives through Herzberg, Mausner, and Snyderman’s classic work (1959), which was credited with specifying the original satisfaction–performance relationship (Coyle-Shapiro, 2004; King & Peter, 1993; Perrow, 1986; Strauss, 1968). In the 1970s, the perceived direction of the causal relationship was reversed; employees who performed better were expected to be more satisfied because they received greater rewards (Lawler & Porter, 1967). Tenets of the Human Behaviour School and Human Relations

Movement now coexist with the productivity doctrines espoused by economic rationalists in the late 1980s and early 1990s (King & Peter, 1993).

Interest in the ‘happy-productive worker’ thesis plateaued in the intervening decades, until being revived in the mid-1980s and 1990s (Brief & Weiss, 2002). From the 1990s onwards there has been a veritable avalanche of research into emotions and affect in organisations (Ashkanasy, 2004). Barsade, Brief and Spataro (2003) were even moved to announce that an ‘affective revolution’ had occurred in Industrial and Organisational Psychology of similar proportions to the cognitive shift depicted a decade earlier by Ilgen, Major and Tower (1994).

Notwithstanding this renewed interest, evidence to support the proposition that happy employees perform better, or in this case managers, is still not compelling as subsequent studies had only found modest support for this predicted relationship. Research reported in this article articulates and expands on the debate into how indicators of affective wellbeing and intrinsic job satisfaction are predictors of managers’ contextual and task performance. Debate over ‘happy-productive worker’ thesis has been progressed by determining which aspects of managers’ affective wellbeing, intrinsic job satisfaction indicate their contextual and task performance to test the ‘happy-performing managers’ proposition.

IMPORTANCE OF THE HAPPY-PERFORMING MANAGERS’ PROPOSITION

Competitive advantage through managers

A central point in the debate over the importance of managers to organisations and the competitiveness of nation-states, is the assertion that “good managers are the key to a more competitive economy and higher performing enterprises” (Karpin, 1995). Managers are pivotal to an organisations productivity and effectiveness as they have ultimate responsibility for

maximising the resources available for organisations to create value (Jones, 1995). The resource-based view of the firm recognised the value added by human capital (Hamel & Prahalad, 1994; Wernefelt, 1984). Regardless of the industry or country concerned, managers represent the human capital that is critical to an organisations success (Williams, 1991).

Any decline in managers' performance inevitable results in revenue foregone, opportunities lost, and increased costs. In turn, this hampers the capacity of organisations and ultimately, national economies to create wealth. Ascertaining the factors that determine managers' performance has the potential to assist in initiatives to improve organisational competitiveness. Findings reported here may be applicable to managers in a variety working situations because, as many studies have demonstrated managers are critical to the success, or failure, of companies and organisations (e.g., Hanson, 1986; Sanchez & Heane, 1996).

Relationship to business outcomes

Managers are being increasingly being required to demonstrate the effectiveness of human resource interventions at the organisational level, and to integrate these functions with the strategic direction of the organisation. Human resource practices targeted at individual performance have been found to be associated with perceptual and financial measures of organisational effectiveness (Becker & Gerhart, 1996; Delaney & Huselid, 1996; Huselid, 1995; Huselid, Jackson, & Randall, 1997; Snell & Youndt, 1995; Terpstra & Rozell, 1993; Youndt, Snell, Dean, & Lepak, 1996).

A strong causal link has been established between people management and business performance (O'Reilly & Pfeffer, 2000; Patterson, West, Lawthom, & Nickell, 1997). Compared to other management practices (e.g., strategy, quality focus, investment in research and development),

human resource practices explained 18% of the variation in productivity and 19% in profitability of companies in the UK (Patterson, West, Lawthom, & Nickell, 1997). Two clusters of skills, acquisition and development of employee skills (including the use of appraisals) and job design were shown to be particularly important. Patterson and colleagues have established an empirically compelling argument supporting the relationship between people management practices and commercial performance.

Positive workplace perceptions and feeling were found by Harter Schmidt and Hays (2002) to be associated with higher business unit customer loyalty, higher profitability, higher productivity and lower rates of turnover. A review of the literature by Spector (1997) indicated that more satisfied employees are more cooperative towards coworkers, punctual, time efficient, have fewer days off work, and remain with organisations longer than their colleagues who had lower levels of job satisfaction. Employee psychological wellbeing has also been found to be in the best interests of employers (Harter, Schmidt, & Keyes, 2002). A meta-analysis by (Harter, Schmidt, & Hays, 2002) examined the relationship between employee workplace perceptions and business unit outcomes. They found a positive relationship between job satisfaction and employee performance, especially aspects of satisfaction with supervisors and satisfaction with work.

METHODOLOGY

A number of research questions and hypotheses derived from the extant literature were investigated in this study. An empirical methodology was used to test the hypotheses to enable the research questions to be answered and to develop a Partial Model to explain the link between affective states and performance. A questionnaire was administered to 19 Western Australian organisations to collect cross-sectional data to answer the research question, test the hypotheses and develop the Partial model. Data was collected using self-report measures of affective

wellbeing and intrinsic job satisfaction, and downward appraisal of managers' performance (by the person to whom managers reported). A composite selection of private, public and 'third sector' organisations was surveyed, representing managers from a range of occupational groups. A total of 400 useable questionnaires were returned from the 1,552 distributed, representing a 26% useable response rate.

Questionnaire items were obtained published scales for Job-related affective wellbeing (Sevastos, 1996) and intrinsic job satisfaction (Cook, 1981; Sevastos, 1996). These instruments were acceptable for measuring state and trait affective wellbeing and managers' performance.

Managers' performance has been defined by Hosie, Sevastos and Cooper (2006) as "the recent net contribution value to organisational effectiveness and goals, attained in conjunction with people, determined by events under managers' control, in a particular environment." No suitable validated measures of managers' performance were identified in the literature necessitating the development of an instrument to measure the structure of managers' contextual and task performance. Generic behaviour dimensions were included from the literature (Borman & Brush, 1993; Konovsky & Organ, 1996; Organ & Lingl, 1995; Podsakoff, 1990; Quinn, Faerman, Thompson, & McGrath, 1996).

Two types of performance are distinguished in the literature: contextual and task (Borman & Motowidlo, 1993, 1997; Motowidlo, Borman, & Schmit, 1997). Both domains of performance contribute to accomplishing organisational goals, but through different mechanisms. Managers' performance mainly constitutes task performance, which is defined as the "effectiveness with which job incumbents perform activities that contribute to its technical core either by directly implementing a part of its technological process, or by providing it with needed materials or services" (Motowidlo, Borman, & Schmit, 1997). Contextual performance deals with the

psychological linkages between people and is represented by discretionary forms of contributions to the organisation that have uncertain or indirect rewards compared to task performance (Organ & Paine, 1999).

An eight-dimensional construct of performance was tested through confirmatory factor analysis. The performance construct was operationalised in terms of four contextual performance dimensions (Endorsing, Helping, Persisting, Following) and four task performance dimensions (Monitoring, Technical, Influencing, Delegating). These dimensions were confirmed through multi-sample analysis and cross-validation techniques of managers' and superiors' ratings on performance (n = 200 and n = 125, respectively). Canonical correlation standard multiple regression were used to analyse the linear combination (n = 125) of managers' self-reported affective wellbeing and job satisfaction with superiors' rating of managers performance for contextual and task performance. Using two independent sources of information, one for the DVs (i.e., one to one supervisory ratings of managers' performance) and the other for the IVs (i.e. managers' self-report measures of affective wellbeing and intrinsic job satisfaction) eliminated unnecessary noise in the data caused by common method variance.

PARTIAL MODEL OF MANAGERS' AFFECTIVE WELLBEING, INTRINSIC JOB SATISFACTION AND PERFORMANCE

The model was refined into two orthogonal dimensions of affective wellbeing, intrinsic job satisfaction and performance as illustrated in Figure 1.

INSERT FIGURE 1 ABOUT HERE

INSERT KEY: ITEM ABBREVIATIONS ABOUT HERE

Unless otherwise stated, it is assumed, as reported in the literature, that the direction of the relationship between the variables is from affective wellbeing, intrinsic job satisfaction to performance (Warr in Kahneman, Diener, & Schwarz, 1999). However, this should not be taken to infer causality between these dimensions. Affective wellbeing and job performance are assumed to be linked in a circular framework of relationships, with each set of factors influencing the other across time (Warr, 1987).

FINDINGS ON THE PARTIAL MODEL

Indicators of affective wellbeing and intrinsic job satisfaction were found to predict dimensions of managers contextual and task performance. Positive Affect (PA) was also found to be significant predictor of contextual and task performance. As anticipated by Judge et al. (2001), Intrinsic Job Satisfaction was found to be associated with performance. Self-reported affective wellbeing (PA) and Intrinsic Job Satisfaction was positively associated with a dimension of superiors' report on task performance (Influencing) as shown for the first canonical variate in Figure 1. Self-reported affective wellbeing (PA, Anxiety and Relaxation) were positively associated with dimensions of superiors' report on task performance (Monitoring) and contextual performance (Following). PA, Anxiety and Relaxation were also negatively associated with a task performance dimension (Technical).

The Partial Model (see Figure.1) showed that for the first canonical variate, PA and Intrinsic Job Satisfaction are very strongly associated with Influencing. PA may enable managers to influence decisions. Intrinsic Job Satisfaction has a substantial cognitive component is therefore likely to

impact on cognitive performance. Conversely, the opportunities to Influence decisions within an organisation may result in enhanced Intrinsic Job Satisfaction and contribute to heightened PA. Managers may derive considerable Intrinsic Job Satisfaction from Influencing decisions.

INSERT FIGURE 2: RELATIONSHIP BETWEEN POSITIVE AFFECT, INTRINSIC JOB SATISFACTION AND INFLUENCING ABOUT HERE

The second canonical variate showed a complex set of relationships between aspects of affective wellbeing, intrinsic job satisfaction and performance. PA, Anxiety and Relaxation were positively associated with the contextual performance variables Following and Monitoring but negatively associated with the task performance variable Technical. NA and Enthusiasm were negatively associated with performance variables Technical, and the task performance variable Monitoring and Contextual Performance construct Following. This indicated that high arousal (positive PA with negative NA) was present, but job dimensions were not particularly motivating (as indicated by negative Enthusiasm but positive Relaxation). This finding indicates that managers will experience arousal but low distress when undertaking administrative or transactional roles

Another explanation for the second canonical variate may be that aspects of managers' jobs requiring essentially transactional or administrative roles (negative Technical, with positive Monitoring and Following) may lead to high arousal with PA and Anxiety, but provide opportunities for Relaxation in conjunction with negative Enthusiasm and NA. A positive association with Monitoring and Following indicated that these performance characteristics

require vigilance and consequently elevated arousal (Anxiety and PA with the attendant NA), but do not lead to a motivating work environment, as indicated by negative Enthusiasm). Performing Monitoring and Following roles were shown to provide opportunities for Relaxation that lead to acceptable levels of affective wellbeing. From this finding it could also be inferred that managers with a positive disposition, who also experience some Anxiety and Relaxation, are likely be successful when performing Monitoring and Following roles.

PA is a personality trait characteristic associated with extraversion; a personality characteristic that research has shown is central to managerial jobs in dealing with peers, superiors, subordinates and external constituents. Managers reported the personality trait PA to be highly significant and the only affect variable common to both dimensions of contextual and task performance, indicating that this may be a prerequisite for managerial jobs. Possibly, it may be inferred from this that an engaging personality is the reason that individuals are promoted into, or self-select into managerial positions.

As predicted, positive affective wellbeing was found to result in enhanced managers' performance, and poor affective wellbeing to be detrimental to managers' performance. Consistent with Warr's (1992) Vitamin Model, a link between managers' affective wellbeing, intrinsic job satisfaction and performance was evident. Also consistent with Warr's (1992) findings, those in higher-level jobs (e.g., managers) reported less job-related depression, but significantly more job-related anxiety. PA was found to be a significant predictor of task and contextual performance, supporting George and Brief's (1996) argument that PA (one of the indicators of extraversion) is related to distal and proximal measures of motivation.

PA, Anxiety and Relaxation were positively associated with the task performance variable Monitoring, and the contextual performance variable Following, but negatively associated with

the task performance variable Technical. NA and Enthusiasm were negatively associated with Technical, Monitoring and Following, indicating a level of 'disengagement'. PA is an 'activation-based' affect that was positively associated with the task performance variable, Influencing. Thus, managers' who have high PA and intrinsic job satisfaction are more likely to influence decisions. This result is consistent with the HayGroup (1999) finding that less than 10% of FORTUNE 500 companies attributed technical ability to result in high potential managers and leaders careers becoming 'derailed'. Technical expertise was not considered to be an important aspect of manager' task repertoire. Technical expertise was not considered to be an important aspect of manager' task repertoire. As Goleman (1998) noted "outstanding supervisors in technical fields are not technical but rather relate to handling people". Managers with PA are likely to experience elevated anxiety, but have opportunities for relaxation when undertaking Monitoring and Following work. The next sections explain why these findings are relevant to managers and the organisations they work in.

'SQUEEZING THE PIPS'

As mentioned earlier, organisations are under increasing pressure to improve productivity while simultaneously reducing costs. This situation has resulted in an epidemic of 'corporate anorexia' (Hamel, 1996). An enterprise formula is emerged—'1/2 x 2 x 3'—whereby half as many people are being paid twice as much, to produce three times more (Handy, 1996). This trend to 'squeezing the pips' is particularly evident for managers, where the incidence of stress and burnout is increasingly common (Quinn, Faerman, Thompson, & McGrath, 1996; Reinhold, 1997). An incessant drive by organisations to cut costs and downsize has resulted in fewer people undertaking more work. There is also a pervasive sense of unease about the lack of job tenure at all levels of management.

Organisational dynamics experienced by Australian managers, who comprised the dataset for this study, are similar to those facing managers in many other nation–states. Australian managers are under increasing pressure to produce superior results in shorter time–frames, with fewer resources (Forster & Still, 2001). Handy (1996) considered the ‘1/2 x 2 x 3’ formula ‘about right’ for the work environment in Australia, New Zealand, the United Kingdom and North America. These findings are likely to apply to managers in developed capitalist countries. To reach and sustain heightened levels of performance and to avoid burnout in this environment, it is desirable that organisations develop strategies for maintaining managers’ affective wellbeing and intrinsic job satisfaction. Of the three psychological aspects of burnout (emotional exhaustion, depersonalisation, diminished sense of personal accomplishment), emotional exhaustion is becoming increasingly prevalent in workplaces (Lee & Ashforth, 1996).

The rapid adoption of information technology has also accelerated the pace of work and increased role expectations. Ease of access to the Internet has exacerbated the demand for a ‘24/7’ (24 hours, 7 days a week) work culture that requires immediacy of responses to management and customers demands (Kenny & Cooper, 2003). This development needs to be seen as a part of the movement to team–based work becoming more widespread, downsizing forcing employees to exert more effort, pressures to deliver results in shorter time frames, customer service being emphasised and ‘fields of work’ replacing specific ‘jobs’ (Borman & Motowidlo, 1997). In all, a number of countervailing forces are apparent as, “Organizations are becoming more flexible, participative and simultaneously tougher and more humane” (Stone, 2002: 330). These rapid changes to the working environment will eventually impact on the levels of affective wellbeing experienced by managers and this is likely to be deleterious to long term performance.

IMPLICATIONS FOR HUMAN RESOURCE MANAGEMENT

This study investigated affective wellbeing and intrinsic job satisfaction and was intended to contribute to the broader debate over what underpins human performance at work. A more sophisticated understanding of how affective wellbeing and intrinsic job satisfaction interacts with managers' performance, contributes to a better comprehension of aspects of the relationships underlying these constructs. Evidence of how affective wellbeing and intrinsic job satisfaction interacts with managers' performance will be valuable in determining job designs and organisational level interventions. Factors that are associated with how managers sustain heightened levels of performance are identified in the Partial model (see figure 1). Such an understanding has the potential to translate into improved managerial practices. These findings are also intended to progress the wider debate about how work might be structured to improve employees' performance.

Successful initiatives to improve managers' affective wellbeing and intrinsic job satisfaction depend on individual and situational contingencies. Contingency theory indicates that one general intervention is unlikely to be effective for all managers in all situations, combinations of approaches are likely to result in longer term benefits. Therefore the normal human resource policies focussing on and trying to enforce control, conformity and standardisation across organisational departments is in conflict with these findings (Mitchell, 1979) reports that "people who are high in achievement needs or growth needs respond more favourably (are more satisfied, perform better) when faced with enhanced, challenging jobs than do people low in these needs". In isolation, job enrichment may only enhance motivation for those managers who desire autonomy and challenge at work and in an organisation where executives support participative decision making.

Assessments of affective wellbeing and intrinsic job satisfaction need to match closely the work environment that a manager is located in, a general consideration frequently overlooked, according to Warr (1987). Managers who spend long periods in jobs that lack opportunities for control and skill use are likely to have a negative affect on job-related competence. However, in some cases job-related anxiety, when linked to aspirations, is not necessarily linked to diminished affective wellbeing and intrinsic job satisfaction. For example, highly motivated managers who desire challenges may react to risks in a way that raises their anxiety level, but doesn't negatively impact their affective wellbeing and intrinsic job satisfaction.

The Partial Model identified some of the factors that indicate how managers attain and sustain heightened levels of performance. This research lends qualified support to the proposition that happy managers perform better. In turn, this helps to explain the process of upward and downward spirals of managerial effectiveness, whereby positive or negative affective wellbeing (enthusiasm, anxiety and relaxation) and intrinsic job satisfaction lead to increased or reduced performance. These in turn either enhance positive, or exacerbate negative affective wellbeing and intrinsic job satisfaction. These issues need to be addressed if organisations are to operate effectively in an integrative manner. Inappropriate and uncoordinated initiatives to improve managers' affective wellbeing, intrinsic job satisfaction and performance may result in costly and ineffectual outcomes for organisations.

Managers' jobs are likely to remain complex in the future, and as a consequence far more demanding. A deregulated global marketplace is likely to result in increased outsourcing. In this scenario, managers' roles are likely to evolve more into managing the outsourcing of organisations' needs rather than just managing people. Technological developments and movements to deregulation are exacerbating the speed and spread of this trend. As such, these

trends in the marketplace are likely to have a significant impact on managers' personal operating styles, making contextual performance an area warranting particular attention.

'Soft' and 'hard' management forces

It is yet to be established if there is a mutual contribution to performance of 'soft' (people-driven human resource features, such as affective wellbeing, motivation and leadership), and 'hard' (market-driven forces such as strategy formulation and program evaluation), aspects of management. By integrating 'soft' or less tangible aspects of managers' performance, with 'hard' aspects of management, this research explored how affective wellbeing and intrinsic job satisfaction of managers are relevant to the attainment of personal and organisational performance outcomes. Hence, the soft aspects of managers' performance may be associated with hard organisational outcomes, such that these:

... two apparently disparate approaches are not necessarily mutually exclusive. They can be reconciled through a contingency framework, which provides guidance on the positioning of an organization's human resource strategies as part of the organization's overall change strategy and ultimately its business strategy.

(Dunphy & Stace, 1990: 87)

However, the mutual contribution of 'soft' (people-driven human resource features, such as motivation and leadership), and 'hard' (market-driven forces such as strategy formulation and program evaluation) aspects of management have yet to be established (Nankervis, 2004). However, evidence is emerging to indicate that management practices designed to humanise the workplace are being reciprocated by improved productivity (Maister, 2001).

Many studies have confirmed that so-called soft skills are critical for a vital economy (Boyatzis,

1982; Carnevale, 1988; Spencer, McClelland, & Keiner, 1997; U.S. Department of Labor, 1991). Management occurs within the complex milieu of organisations, entities riddled with messy challenges. Dealing with these intractable problems requires a fundamentally ‘soft’ approach that is dependent on the imprecise, but fundamental notions, of intuition, wisdom and judgement (Mintzberg, 2004). In this situation, affective wellbeing and contextual performance may be seen as conceptually aligned and mutually reinforcing.

Management may be characterised as ‘mostly soft stuff – working with people, doing deals, processing vague information, and so forth’ (Mintzberg, 2004). These various stages of the decision-making process are seen by Mintzberg as essentially soft in nature. Managers must be able to make judgement calls by identifying the issues diagnosing their character, conceiving of and locating choices, and seeing the solution through to its logical conclusion. These various stages of the decision-making process are seen by Mintzberg as essentially soft in nature.

Individual task performance only captures a portion of what managers contribute to organisations. This portion is mainly attributed to the knowledge, skills, abilities and experiences of managers. In addition, performance is part of this iterative system. Performance is not simply an outcome but is also an input into other variables. As such, performance is not independent as all dependent variables impact iteratively on each other. Contributions beyond task and contextual performance may be more accurately termed as discretionary behaviour. These behaviours contribute to organisational effectiveness and go beyond ‘soft’ psychology, or ‘humanistic’ concerns to become a critical part of the managers’ contribution. As Cohen (2005) says, “We need to rethink the whole area of corporate education and become more humanistic.” Unfortunately, as Barnard (1938: 5) observed, “successful cooperation in, or by formal organisations, is the abnormal, not normal condition”, so:

... perhaps the reason for the dearth of explanatory power of the ‘softer’ side of I/O psychology in the study of performance has not been because it is too soft, but that our dependent variable, ‘performance’, has been too hard.

(Organ & Paine, 1999: 338)

Integrating the soft and hard aspects of organisational existence has the potential to improve the interconnections between management disciplines, as well as providing useful insights for related fields (Staw, 1986). Hard control in management can be repulsed with soft control as well as self-discipline emanating from individual empowerment and individual autonomy. Soft skills, such as inspiring employees and generating commitment, are more difficult to master and sustain than the hard skills associated with strategic and operational business planning (Ulrich, 1997). Also, using soft skills does not come naturally to some managers. The statistical analyses of data used in this study has demonstrated that, when considered holistically, the use of separate job-related affects in organisational research can enhance our understanding of the relationships between affective outcomes (soft) and aspect of managers’ performance (hard) variables. This provides support for a differential application of human resource, rather than a uniform application and management policies and procedures. Such an approach requires changes to some organisations policies and modus operandi away from command control and conformity to differential application of human resource policies and practices.

CONCLUSIONS ABOUT THE ‘HAPPY–PRODUCTIVE WORKER’ THESIS

Despite mixed empirical evidence, there is support in the literature to suggest that a relationship exists between employees affective wellbeing and their performance. Wright and Staw (1999a) claimed that a person’s disposition towards happiness, not organisational conditions, was

associated with performance. Ledford (1999) extended this reasoning by concluding that if “only trait-based happiness leads to performance, it was pointless to try to make employees happier as a way of improving performance” This position assumes that employees are either born happy or unhappy, and that such a demeanour would not change, notwithstanding the design of a job. There is, however, a vast literature exists to indicate that trait affect is not solely determined by hereditary, as approximately 50% is determined by other factors (Broadbent, 1985; Gardner & Cummings, 1988; Gerhart, 1987; Hackman & Oldham, 1980; Hackman & Oldham, 1975; Ilgen & Hollenbrook, 1991).

This implies that that 50% of personality traits has a genetic basis. Studies on many thousands of twins indicate that personality traits are based on 50% of genetic differences (Benjamin, Ebstein, & Belmaker, 2001). Trait based personality characteristics are a general propensity to apply or perceive situations from the trait, for example, happy or introverted Thus, changing a trait based NA or PA, including ‘happiness’ can be difficult as this is an integral part of a persons outlook, personality or perception of life events. For example, a person with a trait high in ‘suspicion’ will perceive events via this ‘lens’. Conversely, a person with a high optimism trait will perceive events via this ‘lens’. Changing traits is therefore not easy as they develop in the milieu of genetic, psychological and social factors such as emotions, behavioural and cognitive processes all interacting in a complex environment, including culture which results in complex human behaviour. Traits tend to be stable over the life span of the individual. All this points to the need for human resource policies and practices to determine which traits are most applicable to an organisations culture and the required contextual and task performance. This study indicates the type of factors that can be used to help select managers who fit the organisations performance requirements.

PA was the only variable to be significantly associated with both task and performance dimensions. This indicated that managers with high PA were likely to perform well when Influencing, and when undertaking Monitoring and Following roles, supporting the argument that managers' with dispositional PA will outperform those who are unhappy (negative PA). This study supports Wright and Staw's (1999a) claim that a person's disposition is associated with performance. However, this position should not be taken as evidence to support the Wright and Staw's contention that organisational conditions do not influence the happiness of managers. A person's genetic makeup, socialisation and life experiences all contribute to happiness.

As predicted, positive affective wellbeing and intrinsic job satisfaction was related to enhanced managerial performance and poor affective wellbeing indicated reduced performance. Affective wellbeing self-report (PA, Intrinsic Job Satisfaction) was found to be positively associated with a dimension of superiors' report on task performance (Influencing). Positive associations for dimensions of affective wellbeing self-report (PA, Anxiety and Relaxation) were found to be negatively associated with dimensions of superiors' report on task performance (Monitoring) and contextual performance (Following).

The direction of the relationship is between the variables reported in the literature is from affective wellbeing, intrinsic job satisfaction to performance (Warr, 1999). These findings do not provide evidence of causation. As Ashkanasy, Hartel, Fischer and Ashforth (1998) stated, "[p]erformance is another likely concomitant of affect at work, though whether it is a cause or a consequence is unclear". The analysis does provide for certain inferences to be made about the relationships between aspects of managers' affective wellbeing, intrinsic job satisfaction and performance.

CONCLUSION

Certain trait and state indicators of affective wellbeing and intrinsic job satisfaction are argued to predict dimensions of managers' job performance. As global market forces become more pervasive, optimising so-called hard and soft human resource management strategies is likely to become more important to enhancing managerial health, performance, and ultimately organisational prosperity. This position has been predicated on the assumption that improved affective wellbeing and intrinsic job satisfaction may result in improved managerial performance, which will eventually result in increased organisational productivity. Enhanced individual performance may also result in increased benefits and reduced enterprises costs, and ultimately result in more productive organisational outcomes.

An empirical methodology was used to to predict which indicators of managers' affective wellbeing and intrinsic job satisfaction predict dimensions of their performance. A considerable amount of the variance of performance was shown to be predicted by affective wellbeing and intrinsic job satisfaction, and vice versa. Explaining this variance made it possible to develop a Partial model of managerial affective wellbeing, intrinsic job satisfaction and performance with enhanced predictive power. Indicators of the managers' affective wellbeing and intrinsic job satisfaction were found to predict dimensions of their contextual and task performance.

Happiness was found to contribute to self-motivation, and that this facilitates organisational effectiveness, or that performance is a barometric of the feeling that managers are effective. This study lends qualified support for the proposition that happy managers perform better but the 'happy-productive' worker thesis is yet to receive unequivocal empirical support. Well-performing managers could also be happy as a consequence of their effective performance and the resulting rewards.

Elements of affective wellbeing and intrinsic job satisfaction were identified that indicate how managers gain and sustain heightened levels of performance. Managers' jobs might be improved to enhance, or avoid decline in, managers' affective wellbeing, intrinsic job satisfaction and performance. In turn, this helps to explain the process of upward and downward spirals of managerial effectiveness, whereby positive or negative affective wellbeing and intrinsic job satisfaction leads to increased or reduced performance, which in turn either enhances positive, or exacerbates negative affective wellbeing and intrinsic job satisfaction. These issues need to be addressed if enterprises are to operate effectively, in an integrative manner.

REFERENCES

- Ashkanasy, N. M. (2004). Emotions and performance. *Human Performance*, 17(2), 137-144.
- Ashkanasy, N. M., Hartel, C. E., Fischer, C., & Ashforth, B. (1998). *A research program to investigate the causes and consequences of emotional experience at work*, Paper presented at the Annual Meeting of the Australasian Society of Psychologists, Christchurch, New Zealand, April, 1998.
- Barnard, C. (1938). *The functions of the executive*. Cambridge, Massachusetts: Harvard University Press.
- Barsade, S. G., Brief, A. P., & Spataro, S. E. (2003). The affective revolution in organizational behavior: The emergence of a paradigm. In J. Greenberg (Ed.), *Organizational behavior: The state of the science* (pp. 3-52). Hillsdale, New Jersey: Lawrence Erlbaum Associates, Inc.
- Becker, B., & Gerhart, B. (1996). The impact of human resource management on organizational performance: Progress and prospects. *Academy of Management Journal*, 39, 779-801.
- Benjamin, J., Ebstein, R. P., & Belmaker, R. H. (2001). Genes for human personality traits: "Endophenotypes" of psychiatric disorders? *World Journal of Biological Psychiatry*, 54(2), 54-57.
- Borman, W. C., & Brush, D. H. (1993). More progress towards taxonomy of managerial performance requirements. *Human Performance*, 6(1), 1-21.
- Borman, W. C., & Motowidlo, S. J. (1993). Expanding the criterion domain to include elements of contextual performance. In N. Schmitt, W. C. Borman & Associates (Eds.), *Personnel selection in organizations* (Vol. 71-98). San Francisco, California: Jossey-Bass.
- Borman, W. C., & Motowidlo, S. J. (1997). Task performance and contextual performance: The meaning for personnel selection research. *Human Performance*, 10(2), 99-109.
- Boyatzis, R. E. (1982). *The competent manager: A model for effective performance*. New York: Wiley.
- Brief, A. P., & Weiss, H. M. (2002). Organizational behavior: Affect at work. *Annual Review of Psychology*, 53, 29-307.
- Broadbent, D. E. (1985). The clinical impact of job design. *British Journal of Clinical Psychology*, 24(1), 33-44.
- Carnevale, A. P., Gainer, L. J., & Meltzer, A. S. (1988). Workplace basics: The skills employers want. *Training and Development Journal*, 42, 22-26.
- Cohen, D. (2005, 16 November). In pursuit of happiness. *The Australia*, p. 44.
- Cook, J., Hepworth, S. J., Wall, T. D., & Warr, P. B. (1981). *A compendium and review of 249 work review measures and their use*. London, United Kingdom: Academic Press.
- Coyle-Shapiro, J., Kessler, I., & Purcell, J. (2004). Reciprocity or "it's my job": Exploring organizationally directed citizenship behavior in a National Health Service Setting. *Journal of Management Studies*, 41(1), 85-106.
- Cropanzano, R., & Wright, T. A. (2001). When a 'happy' worker is really a 'productive' worker: A review and further refinements of the happy-productive worker thesis. *Consulting Psychology Journal*, 53(3), 182-199.
- Delaney, J. T., & Huselid, M. A. (1996). The impact of human resource management practices on perceptions of organizational performance. *Academy of Management Journal*, 39(4), 949-969.
- Dunphy, D., & Stace, D. (1990). *Under new management: Australian organisations in transition*. Roseville, New South Wales: McGraw-Hill.

- Fisher, C. D. (1980). On the dubious wisdom of expecting job satisfaction to correlate with performance. *Academy of Management Executive*, 6, 607-612.
- Fisher, C. D. (2003). Why do lay people believe that satisfaction and performance are correlated? Possible sources of a commonsense theory. *Journal of Organizational Behavior*, 24, 753-777.
- Fisher, V. E., & Hanna, J. V. (1931). *The dissatisfied worker*. New York: Macmillan.
- Forster, N., & Still, L. (2001). *A report on the effects of occupational stress on managers and professionals in Western Australia*. Perth, Western Australia: Centre for Women and Business, Graduate School of Management, The University of Western Australia and the Australian Institute of Management.
- Gardner, D. G., & Cummings, L. L. (1988). Activation theory and job design: Review and reconceptualization. *Research in Organizational Behavior*, 10, 81-122.
- George, J. M., & Brief, A. P. (1996). Motivational agendas in the workplace: The effects of feelings on focus of attention and work motivation. *Research in Organizational Behavior*, 18, 75-109.
- Gerhart, B. (1987). How important are dispositional factors as determinants of job satisfaction? Implications for job design and other personnel programs. *Journal of Applied Psychology*, 72(3), 366-373.
- Goleman, D. (1998). What makes a leader? *Harvard Business Review*, 76(November- December), 93-115.
- Hackman, J., & Oldham, G. (1980). *Work redesign*. Reading, Massachusetts: Addison-Wesley.
- Hackman, J. R., & Oldham, G. R. (1975). Development of the job diagnostic survey. *Journal of Applied Psychology*, 60, 159-170.
- Hamel, G. (1996). Strategy as revolution. *Harvard Business Review*, July-August, 69-82.
- Hamel, G., & Prahalad, C. (1994). Competing for the future. *Harvard Business Review*, July-August, 122-128.
- Handy, C. B. (1996). *Beyond certainty: The changing worlds of organizations*. Boston, Massachusetts: Harvard Business School Press.
- Hanson, P. G. (1986). *The joy of stress*. Islington, Ontario, Canada, Columbia, Canada: Island Scholastic Press.
- Harter, J. K., Schmidt, F. L., & Hays, T. L. (2002). Business-unit-level relationship between employee satisfaction, employee engagement, and business outcomes: A meta-analysis. *Journal of Applied Psychology*, 87(2), 268-279.
- Harter, J. K., Schmidt, F. L., & Keyes, C. L. M. (2002). Well-being in the workplace and its relationship to business outcomes: A review of the Gallup Studies. In C. L. M. Keyes & J. Haidt (Eds.), *Flourishing: The positive person and the good life* (pp. 205-224). Washington, D.C: American Psychological Association.
- HayGroup. (1999). What makes great leaders: Rethinking the route to effective leadership. Retrieved December 1, 2004, from <http://ei.haygroup.com/downloads/pdf/Leadership%20White%20Paper.pdf>
- Hersey, R. (1932). *Worker's emotions in the shop and home: A study of individual workers from the psychological and physiological standpoint*. University of Pennsylvania Press.
- Herzberg, F., Mausner, B., & Snyderman, B. (1959). *The motivation to work*. New York: Wiley.
- Hoppock, R. (1935). *Job satisfaction*. New York: Harper.

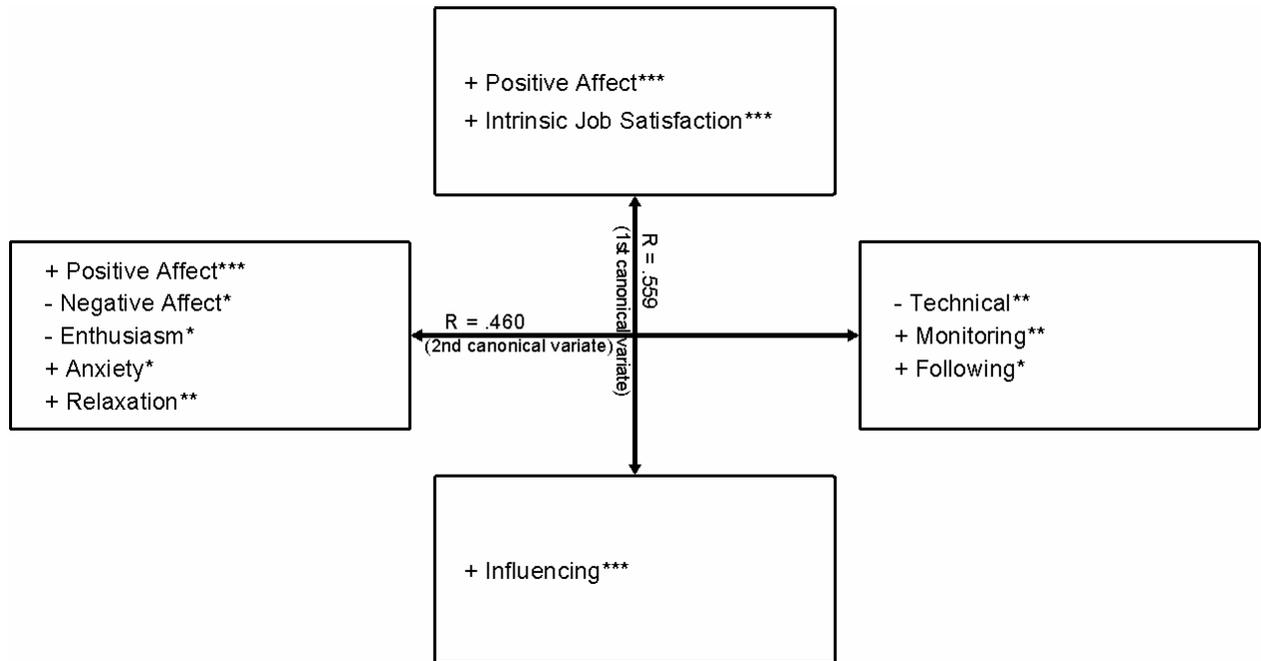
- Hosie, P. J., Sevastos, P. P., & Cooper, C. L. (2006). *Happy-Performing Managers: The Impact of Affective Wellbeing and Intrinsic Job Satisfaction in the Workplace*. Cheltenham, UK, Northampton, MA, USA: Edgar Elgar.
- Huselid, M. A. (1995). The impact of human resource management practices on turnover, productivity, and corporate financial performance *Academy of Management Journal*, 38(3), 635-672.
- Huselid, M. A., Jackson, S. E., & Randall, R. S. (1997). Technical and strategic human resource management effectiveness as determinants of firm performance. *Academy of Management Journal*, 40(1), 171-188.
- Ilggen, D. R., & Hollenbrook, J. R. (1991). The structure of work: Job design and roles. In M. D. Dunnette & L. M. Hough (Eds.), *Handbook of Industrial and Organizational Psychology* (2nd ed., pp. 165-207). Palo Alto, California: Consulting Psychologists Press.
- Ilggen, D. R., Major, D.A., & Tower, S.L. (1994). The cognitive revolution in organizational behavior. In J. Greenberg (Ed.), *Organizational behavior: The state of the science* (pp. 1-22). Hillsdale, New Jersey: Lawrence Erlbaum Associates, Inc.
- Jones, G. R. (1995). *Organizational theory: Text and cases*. Reading, Massachusetts: Addison-Wesley.
- Judge, T. A., Thoresen, C. J., Bono, J. E., & Patton, G. K. (2001). The job satisfaction-job performance relationship: A qualitative and quantitative review. *Psychological Bulletin*, 127(3), 376-407.
- Kahneman, D., Diener, E., & Schwarz, N. (Eds.). (1999). *Well-being: The foundations of hedonic psychology*. New York: Russell Sage Foundation.
- Karpin, D. (1995). *Enterprising nation: Renewing Australia's managers to meet the challenges of the Asia-Pacific century* (Vol. 1, April). Canberra, Australian Capital Territory: Industry Task Force on Leadership and Management Skills: Australian Government Printing Service.
- Kenny, D. T., & Cooper, C. L. (2003). Introduction: Occupational stress and management. *International Journal of Stress Management*, 10(4), 275-280.
- King, S. P., & Peter, L. (Eds.). (1993). *Economic rationalism: Dead end or way forward?* St Leonards, New South Wales: Allen & Unwin.
- Konovsky, M. A., & Organ, D. W. (1996). Dispositional and contextual determinants of organisational citizenship behaviour. *Journal of Organizational Behavior*, 17(3), 253-266.
- Kornhauser, A. W., & Sharp, A. A. (1932). Employee attitudes: Suggestions from a study in a factory. *Personnel Journal*, 10, 393-404.
- Lawler, E. E., & Porter, L. W. (1967). The effects of performance on job satisfaction. *Industrial Relations*, 7, 20-28.
- Ledford, G. E., Jr. (1999). Happiness and productivity revisited. *Journal of Organizational Behavior*, 20(1), 31-34.
- Lee, T., & Ashforth, B. E. (1996). A meta-analytic examination of the correlates of the three dimensions of job burnout. *Journal of Applied Psychology*, 81(2), 123-133.
- Maister, H. (2001). *Practice what you preach: What managers must do to achieve a high performance culture*. New York: Free Press.
- Mintzberg, H. (2004). *Managers not MBAs: A hard look at the soft practice of managing and management development*. San Francisco, California: Berrett-Koehler.
- Mitchell, T. R. (1979). Organizational behaviour. *Annual Review of Psychology*, 30, 243-281.

- Motowidlo, S. J., Borman, W. C., & Schmit, M. J. (1997). A theory of individual differences in task and contextual performance. *Human Performance*, 10(2), 71-83.
- Nankervis, A. R., Compton, R. L., & McCarthy, T. E. (2004). *Strategic human resource management: Strategies and processes in strategic human resource management* (5th ed.). South Melbourne, Victoria: Nelson.
- O'Reilly, C. A., & Pfeffer, J. (2000). *Hidden value: How great companies achieve extraordinary results with ordinary people*. Boston, Massachusetts: Harvard University Press.
- Organ, D. W., & Lingl, A. (1995). Personality, satisfaction, and organisational citizenship behaviour. *Journal of Social Psychology*, 135(3), 339-350.
- Organ, D. W., & Paine, J. (1999). A new kind of performance for industrial and organizational psychology: Recent contributions to the study of organizational citizenship behavior. In C. L. Cooper & I. T. Robertson (Eds.), *International review of industrial and organizational psychology* (pp. 338-368). Chichester, New York: Wiley.
- Patterson, M., West, M. A., Lawthom, R., & Nickell, S. (1997). Impact of people management practices on business performance. *Issues in People Management*, 22, 1-28.
- Perrow, C. (1986). *Complex organizations: A critical essay* (3rd ed.). New York: Random House.
- Podsakoff, P. M., MacKenzie, S. B., Morman, R. H., & Fetter, R. (1990). Transformational leader behaviors and their effects on followers trust in leader, satisfaction, and organizational citizenship behavior. *The Leadership Quarterly*, 1(2), 107-142.
- Quinn, R. E., Faerman, S. R., Thompson, M. P., & McGrath, M. R. (1996). *Becoming a master manager: A competency framework* (2 ed.). New York: Wiley.
- Reinhold, B. R. (1997). *Toxic work: How to overcome stress, overload and burnout and revitalize your career*. New York: Plume Publishers.
- Roethlisberger, F. J., & Dickson, W. J. (1939). *Management and the worker*. Cambridge, Massachusetts: Harvard University Press.
- Sanchez, R., & Heane, A. (1996). *Reinventing strategic management: New theory and practice for competence-based competition*. Unpublished Discussion paper, The University of Western Australia, Perth, Western Australia.
- Sevastos, P. P. (1996). *Job-related affective well-being and its relation to intrinsic job satisfaction*. Unpublished PhD, Curtin University, Perth, Western Australia.
- Snell, S. A., & Youndt, M. A. (1995). Human resource management and firm performance: Testing a contingency model of executive controls. *Journal of Management*, 21(4), 711-737.
- Spector, P. E. (1997). *Job satisfaction: Application, assessment, cause and consequences*. Thousand Oaks, California: Sage.
- Spencer, L. M., McClelland, D. C., & Keiner, S. (1997). *Competency assessment methods history and state of the art*. Boston, Massachusetts: Hay McBer Research Press.
- Staw, B. M. (1986). Organizational psychology and the pursuit of the happy/productive worker. *California Management Review*, 28(4), 40-53.
- Stone, R. (2002). *Human resource management* (5th ed.). Brisbane, Queensland: Wiley.
- Strauss, G. (1968). Relations - 1968 style. *Industrial Relations*, 7, May, 262-276.
- Terpstra, D. E., & Rozell, E. J. (1993). The relationship of staffing practices to organizational level

- measures of performance. *Personnel Psychology*, 46, 27-48.
- U.S. Department of Labor. (1991). *What work requires of schools*. Washington, DC: Secretary's Commission on Achieving Necessary Skills (SCANS).
- Ulrich, D. (1997). *Human resource champions*. Boston, Massachusetts: Harvard University Press.
- Warr, P. B. (1987). *Work, unemployment and mental health*. Oxford, United Kingdom: Clarendon Press.
- Warr, P. B. (1992). Age and occupational well-being. *Psychology and Aging*, 7(1), 37-45.
- Warr, P. B. (1999). Well-being and the workplace. In D. Kahneman, E. Diener & N. Schwarz (Eds.), *Well-being: The foundations of hedonic psychology* (pp. 392-412). New York: Russell Sage Foundation.
- Weiss, H. M., & Cropanzano, R. (1996). Affective events theory: A theoretical discussion of the structure, causes and consequences of affective experiences at work. In B. M. Staw & L. L. Cummings (Eds.), *Research in organizational behavior: An annual series of analytical essays and critical reviews* (Vol. 18, pp. 1-74). Greenwich, CT: JAI Press, Inc.
- Wernefelt, B. (1984). Resource-based view of the firm. *Strategic Management Journal*, 5, 171-180.
- Williams, R. (1991). Transformation or chaos? Human resources in the 1990s. *HR Monthly*, November, 1-10.
- Wright, T. A., Cropanzano, R., Denney, P. J., & Moline, G. L. (2002). When a happy worker is a productive worker: A preliminary examination of three models. *Canadian Journal of Behavioural Science*, 34(3), 146-150.
- Wright, T. A., & Staw, B. M. (1999a). Affect and favorable work outcomes: Two longitudinal tests of the happy-productive worker thesis. *Journal of Organizational Behavior*, 20(1), 1-23.
- Wright, T. A., & Staw, B. M. (1999b). Further thoughts on the happy-productive worker. *Journal of Organizational Behavior*, 20(1), 31-34.
- Wright, T. A., & Staw, B. M. (1999a). Affect and favorable work outcomes: Two longitudinal tests of the happy-productive worker thesis. *Journal of Organizational Behavior*, 20(1), 1-23.
- Youndt, M. A., Snell, S. A., Dean, J. W., & Lepak, D. P. (1996). Human resource management, manufacturing strategy, and firm performance. *Academy of Management Journal*, 39(4), 836-866.

TABLES AND FIGURES

Figure 1: Model of Managers' Affective Wellbeing, Intrinsic Job Satisfaction and Performance



Key: Item abbreviations

Variable	Abbreviation
Affective well being	
Positive Affect	PA
Negative Affect	NA
Enthusiasm	Enth
Depression	Dep
Anxiety	Anx
Relaxation	Relax
Intrinsic Job Satisfaction	InJS
Contextual performance	
Following organisational rules and procedures	Foll
Task performance	
Influencing others	Inf
Technical proficiency	Tech
Monitoring and controlling resources	Mon

Figure 2: Relationship between Positive Affect, Intrinsic Job Satisfaction and Influencing

