A theoretical review to improve outcomes of innovation in enterprises from the perspective of “Happiness Management”

Abstract
This paper is a theoretical reviews of research in the field of organizational behavior. The purpose of the study is to reflect on how business productivity increases when corporate welfare is promoted. The model theoretical created titled «Generator model of the Culture of Innovation applying Happiness Management» has been divided into several phases, with an outline of the steps which must interact to provide solutions to problems in organizations in the current century. Current trends of management are beginning to consider the principles or philosophy of “Happiness Management” as future trends that can be applied to any organization, regardless of the sector where they operate. That is the reason why nowadays, it is necessary to implement cultures willing to get competitive and sustainable results in the company, thereby renewing in the first place corporate welfare and, consequently, its labor productivity, and secondly improving organizational performance generating competitiveness. Finally, the culture of innovation based on increasing corporate welfare improves the image of the company, being it projected in a positive way towards all its stakeholders.

Keywords | Palabras clave
Happiness management; culture of innovation; labor productivity; creativity; corporate welfare; competitiveness.

Dr. Rafael Ravina Ripoll es Profesor de Organización de Empresa de la Universidad de Cádiz (España) (rafael.ravina@uca.es) (http://orcid.org/0000-001-7007-3123)

Dr. Francisco Villena Manzanares es Profesor en el Departamento de Ingeniería del Diseño de la Universidad de Sevilla (España) (fvillena@us.es) (http://orcid.org/0000-0001-8753-5590)

Dr. Guillermo Antonio Gutiérrez Montoya es Decano de Ciencias Económicas de la Universidad Don Bosco (El Salvador) (guillermo@udb.edu.sv) (http://orcid.org/0000-0003-1305-6030)

Resumen
En el presente artículo, se plantea una reflexión sobre cómo aumenta la productividad de la empresa cuando se fomenta el bienestar corporativo. Se presenta un modelo teórico que va en varias fases en las cuales se esbozan las etapas que deben interactuar para dar soluciones a problemas en las organizaciones en el presente siglo. Las actuales tendencias de la administración ya empiezan a considerar los principios o filosofía del «Happiness Management» como futuras tendencias que pueden aplicarse a cualquier organización independientemente del sector donde operen. Por eso se hace necesario implantar culturas dispuestas a conseguir resultados competitivos y sostenibles en la empresa, renovando con ello en primer lugar el bienestar corporativo y en consecuencia su productividad laboral, y en segundo lugar mejorando el rendimiento organizativo generando competitividad. Por último, la cultura de innovación basada en incrementar el bienestar corporativo mejora la imagen de la compañía proyectándose positiva hacia todos sus stakeholders.

Keywords | Palabras clave
Happiness management; cultura de innovación; productividad laboral; creatividad; bienestar corporativo; competitividad.
1. Introduction to corporate welfare

Currently, we live in a globalized and interconnected economy, where the labor force with high academic training is established as the real engine of innovation and transfer of scientific knowledge, as long as there is an industrial fabric in information and communication technology (ICT) as well as an educational teaching system which boosts it inside their classrooms: reflective thinking, creativity, talent, happiness, entrepreneurship, etc. Both factors contribute to the boost of the productive activity of universities in generating collaborative research contracts, consulting revenue, licensing, patents, and spin-off and start-up companies.

In the Big Data era, human capital with higher education in engineering and computer science is one of the main assets owned by technology-based multinationals when establishing innovative strategies in goods, services and processes. Such entities earmark strong monetary resources to internal R & D as well as developing a human resources policy that encourages the collective commitment and job satisfaction. Among other things, the latter requires an internal environment that encourages the Aristotelian discussion, self-esteem, teamwork, social relations and subjective well-being of workers (Zelenski, Murphy & Jenkins, 2008). Nowadays, no one argues that much of the economic success of the spin-off and start-up companies mainly comes from owning a staff of creative, innovative and happy employees (Binder & Broekel, 2012). Considering this, we intend to expose that labor happiness helps improve the organizational climate improving the productive yield of its human capital, and thus, the competitiveness of the company. On the other hand, the top management of companies is the one which should act and engage directly in fostering a work style that promotes subjective well-being at all levels of the organization, using incentives for instance. This fact requires, among other things, the creation of a suitable work environment to foster flexibility, enhancing shared mindset, talent, innovation, participatory learning, engagement, efficiency, dynamism, adaptability, etc. (Ulrich & Ulrich, 2010).

Seligman (2003) says that professional development has a great influence on subjective well-being of individuals. From this statement, a large number of researchers, especially psychologists and economists, are becoming interested in the study of corporate culture of companies which are focused on providing happiness to its employees (Luthans & Youssef,
2007). In this way, we can know if labor happiness is a key factor in accelerating creative and innovative processes developed within organizations, especially in those ones with a digital and technological basis. As a curiosity, Google was one of the first multinationals in the world to carry out some mindfulness and positive mindset courses in order to improve the emotional intelligence of its human capital and promote collective welfare. The implementation of these seminars was made at the same time as the publication of the article entitled ‘The Virtuous Organization: The Value of Happiness in the Workplace. The appeal of this academic work is that its authors find out that “in order to make people happy in their life, it is a necessary condition for them to be happy in their work” (Gavin & Mason, 2004). Years later, huge American companies -following the path that had started some time ago by Google-, began to worry about the subjective well-being of their employees as one of the most important intangible assets that companies have available to increase not only the company’s corporate image, but also to achieve greater labor productivity (Wright et al., 2002). According to this thesis, we can say that labor happiness should become one of management’s main functions and also a human talent (Wolf, 2013). Between 2005 and 2010, literature focused primarily on examining the socio-economic, cultural, demographic, psychological variables that affect happiness or people’s subjective well-being (e.g. Mochón & Ahn, 2007; Ferrer i Carbonell, 2012). Explaining workers’ corporate welfare from the point of view of the job satisfaction is new because it affects the organizational performance of companies in a very significant way (Beauregard, 2010). Several reasons can justify the lack of a descriptive study about job satisfaction variable in the academic work quoted in the paragraph above. One of them can be caused by the existence of numerous academic studies that have minimized the importance of happiness in companies during the first decade of the century, whose basic aim is to generate wealth by making the required skills and abilities a human talent. Fisher (2010) points out that there are not enough explanations about labor happiness and he suggests that happiness in companies with profit or commercial goals makes them grow significantly.

- A work environment designed to enable empowerment, creativity, affective commitment, interaction between people, collaborative learning, positive communication, and so on.
• An organizational culture based on the principles of fairness, respect, teamwork, tolerance and solidarity.
• A participative and transformational leadership aimed at facilitating the development of the organizational welfare and technological innovation.

Currently, the organizational happiness of companies is a subject which is very rarely dealt with by economic literature (Salas Vallina, 2013), despite the scientific knowledge that states that a person who is happy in the performance of their job is often more creative, productive, effective, innovative, receptive, optimistic, altruistic (e.g. Vazquez, 2016; Dolan & Metcalfe, 2012; Rego et al., 2011; Hosie, & Sevastos, 2009). Therefore, it is not surprising that companies’ competitive advantages derive mainly by the subjective and psychological well-being of both their internal clients (Swaroop, 2016; Straume & Vittersø, 2015) customers.

Achor (2010) states that happiness leads to success and those good interpersonal relationships in the workplace significantly increase organizational well-being. This leads big companies like ‘Opinno’ to a consultancy for innovation, to implement a model of human resource management with the mission of making their employees happy by creating the figure of the chief happiness officer or happy manager. (Gillett-Goinard, Molet & Monteiller, 2016). Therefore, one of the main functions of the professionals targeted in the paragraph above will be to cultivate collective welfare. This implies companies to have a flat, dynamic and flexible organizational structure so that they can promote assertiveness, teamwork, internal communication between management and employees, talent retention, cooperation…etc. But, for those who think that labor happiness does not help achieve the established aims by senior management beforehand, we must say that many academic studies on Happiness Economics have shown the positive link between the share price and the organizational environment (e.g. Erdogan et al., 2012). However, it is a paradox that, despite the dramatic proliferation of literature about the science of happiness, we currently know little about the important role it can play in the implementation of a management model of ‘happiness management’ in the management of human resources in technology companies (e.g. Cera, 2012). In order to get
more information on this issue, we now turn to labor productivity as the generating element of innovation, creativity and competitiveness.

Happiness is an innate emotion in the nature of the human being and has a tacit on the company, as the members of any organization are responsible for meeting the objectives established by management, and having productive components falls on the performance of the company in both tangible and intangible ways.

As people adapt to the new information and communication technologies, more and more technological knowledge is required and this situation has also been generating companies with new methods and new ways of interacting due to recent and important changes in the economy and in the increasingly saturated markets.

Organizations that propose new methods to understand how to keep their employees happy without increasing costs generates a creative atmosphere that improves organizational performance (this is a real fact in large technology corporations such as Google, Telefónica, etc.). These sort of approaches are far from other types of companies such as SMEs which will gradually need new models to develop competitiveness. The objective of this research is a review of the literature to generate a theoretical approach to improve outcomes of innovation in enterprises from the perspective of “Happiness Management”.

2. Labor productivity as a competitive resource for companies
Labor productivity in companies can be guided towards a good working environment by means of taking certain actions to manage time and resources or improving the capabilities of the company, both at a technological and at a procedural level. A good corporate productivity can develop a favorable business management achieving sustainability and the future viability of the company. We must differentiate the terms productivity and competitiveness, although they mutually relate and depend on one another. Productivity is an indicator that helps measure the efficient use of resources in producing goods and services, while competitiveness is defined as the ability that the company has to obtain a higher profitability than other competitors, having a limited number of resources and working factors. Although we are dealing with the productivity of human resources or labor productivity, we can also talk about other types of productivity, (e.g. process productivity, mar-
keting productivity, innovation productivity, knowledge productivity). Obviously, the factors that improve labor productivity directly affect the companies’ performance. Some of these factors can be identified as determinants of productivity (such as absenteeism, staff turnover, the use and operation of machinery and other factors from the internal and external environment of the company. Therefore, the organizational culture instituted in the organization is a crucial influence on labor productivity, as a flexible and motivating organizational culture is related to the business’ performance improvement.

As it can be seen, the human factor is always present in the productive fact, as it requires the participation of individuals and a permanent social labor relationship to achieve the expected results. In this regard, many authors have suggested the relationship and the positive influence of the human factor in productivity and organizational performance (Kemppila & Lönnqvist, 2003; Saari & Judge, 2004).

Other studies consider that training directly affects productivity, as the human is efficient and effective. This is conclusive for the success of organizations as the training of human resources becomes sustainable competitive advantage, resulting in the best return from their investment (Lagarda & Urquidy, 2007; Luthans & Youssef, 2004). In literature, the productivity of human resources is considered an indicator of organizational effectiveness as the capacity of the human capital that incorporates the experience, skills and knowledge acquired to find the best way to make the company more efficient and productive (Quijano, 2006). Authors like Visintin et al (2008) state that the enhancement of companies’ competitiveness is also achieved by means of improvements in labor productivity.

3. Labor productivity in companies and innovation
It is indisputable that innovation improves competitiveness of companies to cope with an increasingly competitive and more globalized environment. This phenomenon is affecting all companies, regardless of their size or sector. To achieve greater productivity through innovation, the model has been shifted from economic and company management models based on labor and capital (second half of the nineties) to establish the following as critical factors: knowledge, training and intellectual capital, marking the economy based on the management
of knowledge. This means that it has changed from models based on tangible models to models based on value-added or intangible resources. Currently, “Happiness Management” marks a new trend in management models in which to achieve innovative results it is necessary to take the employee’s welfare into account. However, the following questions arise: can an employee with excellent training be more efficient and productive if they are working in a motivated way and with a growth perspective or with an incentive plan from the company where they work? To what extent does investing in innovation culture improve the profitability of the company?

The innovative orientation of a company is measured in part by the number of patents, contracts with research center, expenditure on R & D, staff dedicated R & D as the most significant. The relationship between R & D and productivity, has been analysed in the literature (e.g. Griliches, 1970; Máñez, Rochina-Barrachina & Sanchis-Llopis, 2006; Doraszelski & Jaumandreu, 2013).

Empirical evidence of a positive relationship between business productivity and performance of R & D can be found in them. For Hall (2011), companies that invest in R & D can increase their efficiency production and improve the products they offer, increasing their demand as well as reducing their production costs, which improves business growth. Do not forget that in academic literature, quality and productivity in companies positively relates. An improvement in quality can lead to an improvement in productivity and this can be achieved by a reduction in costs or by increasing the number of units produced. Crépon, Duguet & Mairese (1998) studies the relationship between productivity, innovation and investment in R & D, and he estimates that the productivity of enterprises is based on their innovative activities. As we can see, productivity is closely linked to innovation and, therefore, the latter is a key to business and competitive growth. The role of innovation is conclusive to assume technological changes, the emergence of new highly-intensive knowledge sectors, and the emergence of new markets and opportunities.

4. The culture of innovation, creativity and corporate welfare
Innovation and creativity in the workplace have become increasingly important determinants of organizational performance, success,
and longer-term survival. The organizations seek to harness the ideas and suggestions of their employees to achieve competitive advantages (Anderson, De Dreu & Nijstad, 2004; Zhou & Shalley, 2003). Amabile et al (2005) shows that positive flows cause higher levels of creativity in people. The foregoing shows that happiness leads us to creativity and not the other way round. Currently, it is not surprising that managers from human resources departments in large corporations, such as the case of the multinational Toyota, are devoted to continuously improving their productive R & D processes, by creating a positive atmosphere within the organization that exponentially nurtures innovation, emotional intelligence, creativity and corporate welfare (Takeuchi, Osono & Shimiza, 2008). Cameron & Quinn (1999) state that an organization with an entrepreneurial culture is sustained by the commitment to experimentation and innovation. Currently, one of the most important issues is the fact that innovation itself is as important as creating a favorable environment to generate innovation and promote a real culture of innovation within companies. For the latter reason, Figure 1 shows a theoretical model that increases the corporate welfare of the workforce by applying “Happiness Management”, and it is capable of generating a “culture of innovation” to improve competitiveness, develop employees’ creativity and, consequently, optimize and expand the innovative activities of the company.

**Figure 1. Generator model of the Culture of Innovation applying “Happiness Management”**

![Generator model of the Culture of Innovation applying “Happiness Management”](image)

In the previous model, we mainly observed that the corporate welfare of the workforce should be encouraged within the internal
environment of the company where we want to implement a culture of innovation, as a link between entrepreneurial creativity and business competitiveness. At the same time, for the corporate welfare to be effective, the company must manage its knowledge in the most appropriate way. Here at this point, the role of both capacities and resources that each company has available for operation is important, bearing in mind that management is responsible for promoting culture and values. As shown in Figure 1, a productive improvement in human resources, apart from boosting competitiveness, reverts into corporate welfare by fostering a greater collective creativity. In the previous model, if we put competitiveness, productivity of human resources and innovation performance together, they are the variables that generate greater impact on the profitability of an organization. Therefore, a model that fits new business trends where the intangible brings most value to companies to generate profits, is presented. Literature also gives a preferred place to the management style as crucial to be able to manage knowledge, since management style supports the behaviors and goals of the organization. Thus, leadership style is key to adequate knowledge management, being collaborative or participatory styles that favor such a process. When talking about knowledge management it is essential to talk about the corporate culture fostered by the organization, because it determines the set of values or beliefs that define the strategic behavior of the organization for its progress. Knowledge management implies and encompasses many business variables (culture, managerial style, human resources, information and communication technologies, etc.), so it can be better explained from a strategic perspective, and becomes essential when there is a concern for corporate well-being according to the perspective of “Happiness Management”.

Corporate happiness is a complex and strategic concept in the management of human resources and organizations. For instance, Baker, Greenberg and Hemingway (2006) contrast that happiness is an organizational behavior and the result of a strategic vision. The definition of happy organization is defined by the same authors as the one in which each individual, at all hierarchical levels, has strengths, works within a team towards a common goal, obtains satisfaction when developing new products or services and, through these new products or services, often provides a positive difference in the lives of others.
Therefore, we can see how the concept of organizational happiness encompasses a wider field than that of job satisfaction. For other authors, business or organizational happiness is a function of affective commitment to the organization, the sense of well-being when carrying out their functions during the job, and satisfaction at work (Hosie, Sevastos & Cooper, 2007).

The relationship between entrepreneurial performance and employees’ happiness has been dealt with and discussed by academic literature as an important aspect to be determined, although the different studies vary depending on the different countries where they have been done as well as the types of business and business sectors. Among other researchers, we highlight Hosie, Sevastos and Cooper (2007) as researchers who have tried to determine the relationship between employee happiness and the improvement of business performance. The authors conclude that there is a positive correlation between the performance of the organization and the happiest employees, agreeing with Fisher’s study (2010).

As we can see, companies that care about “Managing employees´ happiness” in managerial and human resource action not only improve the well-being of employees, but also generate a tool for the very company: “employee’s happiness”, which has a positive impact on the productivity of the company.

According to different perspectives and studies, we see that a relationship between productivity and happiness is a direct one and, without a doubt, business change has been the responsible for those organizations not only to focus on production and standardization, but also to consider their employees in a different way, as they are the key to success since there is no better intangible factor than the human one.

Other authors demonstrate that happiness predicts important outcomes and indicators, such as an increased productivity and work performance, an increased self-control, an excellent interpersonal relationship and an improved physical and mental health. (Lyubomirsky, King & Diener, 2005; Peterson, Luthans, Avolio, Walumbwa & Zhang, 2011; Pryce-Jones, 2010).
5. **Innovation is in the management style of the business model**

There is now a broad consensus within business management to point to innovation (whether in goods, services, processes or management systems) as one of the key elements to improve productive activity, increase turnover or achieve sustainable competitive advantages in the market (Robbins & O’Gorman, 2016, Löfsten, 2014, Kmieciak, Michna & Mecyznska, 2012, Sorescu et al., 2011, Varis & Littunen, 2010). A large number of researches have been conducted to demonstrate the relationship between innovation and company performance, (eg De Lema, Gálvez-Albarracín & Maldonado-Guzmán, 2016; Mir, Casadesís & Petnij 2016; & Kuo, 2016, Cho & Pucik, 2005). However, the approaches adopted in these studies have not taken into account variables that are in our theoretical review if we take it into account such as the promotion of job satisfaction and the promotion of corporate creativity as an engine of innovation. In this sense, some studies include the culture of effort and the promotion of employee motivation to improve innovation, for example Kang et al (2016), confirm that companies must adopt business management models focused on increasing the passion of the employees, as well as fostering a participatory climate within the organization, both factors significantly increase the company’s innovative behavior and results. Finally, a call is made to the managers of the companies to reflect on their style of management and from the theoretical review made, they are encouraged to promote a leadership style based on Happiness Management for the advantages that are achieved in an intangible way for the organization.

6. **Conclusions and discussion**

Our theoretical model contributes to the literature of Management Happiness in different aspects: From the dynamic capabilities, we propose that companies are able to improve their innovative results and compete in the market not only because of their ability to exploit their resources and their existing capabilities, but also thanks to their ability to start, renew and develop corporate welfare (Teece, Pisano & Shuen, 1997), emphasizing that the management of knowledge is crucial. A simple and clear model that helps managers exploit their organizational improvement capabilities in a better way is proposed. As for the implications for management, we can show that the proposed
model could improve current management of companies, as corporate welfare optimizes labor productivity and creativity by allowing these companies to achieve the improvement of their innovative results. Anderson, Potočnik and Zhou (2014) propose the following integrative definition on Creativity and Innovation at work: “Creativity and innovation at work are the process, outcomes, and products of attempts to develop and introduce new and improved ways of doing things. The creativity stage of this process refers to idea generation, and innovation refers to the subsequent stage of implementing ideas toward better procedures, practices, or products. Creativity and innovation can occur at the level of the individual, work team, organization, or at more than one of these levels combined but will invariably result in identifiable benefits at one or more of these levels of analysis”. This definition is excellent but does not take into account the management of happiness as responsible for generating corporate welfare. We propose a reflection to managers so they can promote a supportive and collaborative environment for their human capital and their stakeholders. This will impact the management of knowledge, which will make everything easier for those companies immersed in a continuous process of change and adaptation, as long as they adopt a flexible and dynamic organizational structure.

From the perspective of Happiness Management, we offer a way to develop capabilities of change and help companies with a theoretical model representing corporate welfare, as a process or as a spiral cycle where promoted cultural values are responsible for generating competitiveness and creativity. Both aspects are essential to improve innovation results. As a limitation of our work, just note that the business model presented focuses on business variables, which we considered critical because of their special relationship with innovation. Therefore, one or more additional variables should have been included to study their effects. For instance, the ability to improve competitiveness carried out by high management, or even analyzing how facts such as the company collaborating with technology centers, or keeping strategic alliances with other companies affects the proposed theoretical model. In future research, empirical testing of the model should be done to check its validity and its impact on the management of organizations and their results.

The final conclusions after the literature review support what some authors confirm mainly that a worker is more motivated, has less
absenteeism, is more creative, has better relationships with their colleagues and with clients or other stakeholders, is more productive, etc. All of the above indicates that the companies that manage the happiness in their organization in the search for the subjective well-being of the worker obtain greater benefits and get some satisfied customers improving their productivity (Harter et al., 2010).

7. References
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