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## **Implications of the ‘happy-performing managers’ proposition**

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# **Implications of the ‘happy-performing managers’ proposition**

## **ABSTRACT**

A seminal question in industrial/organisational psychology and management is revisited in this paper - do happy managers perform better than their miserable counterparts? The ‘happy-productive worker’ thesis has intrigued organisational researchers and practitioners for decades. Despite mixed empirical evidence from research, there is support in the literature for the notion that ‘a happy worker is a good worker’. A variation on the enduring debate of the happiness-productivity theme is presented - the ‘happy-performing managers’ proposition. A study of Australian managers is reported to illustrate how aspects of affective wellbeing are associated with 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-performing managers’ proposition by linking managers’ affective wellbeing and intrinsic job satisfaction with their contextual and task performance. Implications of these findings are considered. In particular, it is argued that the capacity of managers to develop emotional intelligence, so that they are more aware of the importance of positive and negative leadership styles has the potential to increase organisational productivity.

## **KEYWORDS**

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

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## INTRODUCTION

There has long been a fascination amongst practitioners and academics alike with the intuitively appealing notion of the ‘happy-productive worker’ thesis. Support for this ‘commonsense theory’ is based on the belief that happy workers are believed to perform better than their unhappy co-workers. Supporters of this idea believe that ‘a happy worker is a good worker’. However, decades of research have failed to not only establish a strong link, in terms of effect size between happiness and job performance but also to find a clear connection within the body of evidence between employees’ job satisfaction and performance. Although there is 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; 1999a; Wright & Staw, 1999b).

Despite this renewed interest, evidence to support the proposition that happy employees (or in this case managers) perform better is still not compelling. Subsequent studies have only found modest support for this predicted happiness-productivity relationship. Research reported in this paper is articulated with the subsequent critique to expand on the empirical debate into and examination of the ‘happy-performing managers’ proposition.

This investigation begins 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. This is followed by a description of how indicators of job-related affective wellbeing and intrinsic job satisfaction (both important aspects of happiness) predict dimensions of Australian managers’ contextual and task performance.

The second part of this paper examines the implications of these findings on the ‘happy-performing managers’ proposition for HRM practices. Consideration is given to the potential of how ‘soft’ aspects management may be integrated into a leaders’ repertoire. Part of this involves a measured look at how the construct of emotional intelligence may contribute to effective management and leadership.

## **IMPORTANCE OF ‘THE HAPPY-PERFORMING MANAGERS’ PROPOSITION**

### **Competitive advantage through managers**

Managers are pivotal to an organisation’s 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; Wernerfelt, 1984). Regardless of the industry or country concerned, managers represent the human capital that is critical to an organisation’s success (Williams, 1991). Managers are being increasingly 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).

Any decline in managers’ performance inevitably 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 of working situations because, as many studies have demonstrated managers are critical to the

success, or failure, of companies and organisations (Hanson, 1986; Sanchez & Heane, 1996). Positive workplace perceptions and feelings 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. Employee psychological wellbeing has also been found to be in the best interests of employers (Harter, Schmidt, & Keyes, 2002). Incessant drives by organisations to cut costs and downsize has resulted in fewer people undertaking more work. This is having a profound effect on managers' affective wellbeing.

## **RESEARCH QUESTIONS**

A number of gaps arise from the literature about affective wellbeing, intrinsic job satisfaction and managers' performance that are worthy of investigation. These are summarised as follows:

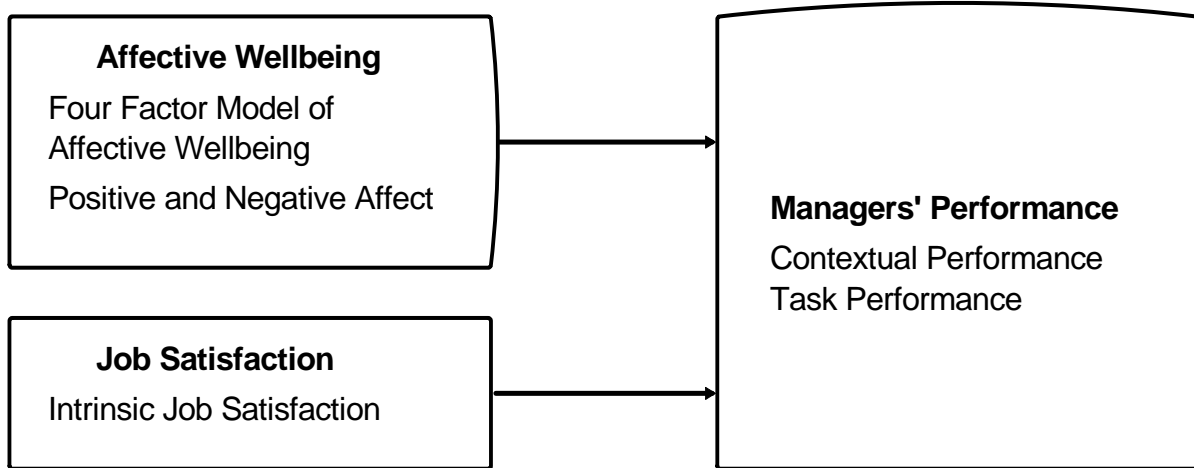
- Does the construct of managers' performance consist of the two dimensions, contextual and task performance?
- Is there an association between affective wellbeing, intrinsic job satisfaction and managers' contextual and task performance?
- To what extent does affective wellbeing and intrinsic job satisfaction predict different dimensions of managers' contextual and task performance?
- Does positive affective wellbeing result in enhanced managers' performance, and is poor affective wellbeing detrimental to managers' performance?

In addition, two further questions about practical outcomes are addressed:

- How might managers' jobs be changed to enhance, or prevent a decline in affective wellbeing?
- How might these findings be integrated with workplace initiatives to improve the quality of managers' life and job performance?

These research questions were developed into a series of hypotheses which are described by Hosie, Sevastos and Cooper (2006). A flow Partial Model of Managers' Affective Wellbeing, Intrinsic Job Satisfaction and Performance suitable for testing is presented in Figure 1.

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



The Partial Model in Figure 1 was informed by the literature on affective wellbeing, intrinsic job satisfaction and managers' contextual and task performance. Questionnaire items were derived from established affective wellbeing and job satisfaction scales that provide psychometrically robust measures of dispositional and state affect that are suitable for predicting managers performance: the Four Factor Model of Job-related Wellbeing (Sevastos, 1996); PANAS (Watson & Clark, 1984), and Job Satisfaction (Cook, 1981). No suitable validated measure of managers' performance was identified in the literature necessitating the development of an instrument to measure the structure of managers' contextual and task performance.

## **MEASUREMENT MODEL OF MANAGERS' PERFORMANCE**

Managers' performance is mainly considered to constitute 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). In

contrast, 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).

Managers' contextual performance scales were devised by the principal author based on Borman and Motowidlo's (1997) 5-dimension taxonomy. Borman and Brush's (1993a) 18-dimension taxonomy of managerial performance was used to develop and test the task performance scales. Generic behaviour dimensions were included from the literature (Borman et al., 1993a; 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, 1993b; Borman et al., 1997; Motowidlo et al., 1997). Both domains of performance contribute to accomplishing organisational goals, but through different mechanisms.

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) as described by Hosie, Sevastos and Cooper (2006)

## **METHODOLOGY**

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 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 (Hosie, 2003).

## **METHODS**

The 'matched pairs' subsamples 1 and 2 (n = 200) refers to managers' self-report with corresponding superiors' ratings of managers' performance. The 'pair congruence' subsample 2 (n = 125) refers to a one-to-one correspondence of ratings, where only one superior's (i.e. person to whom the manager reports) rating was congruent with one manager's self-rating of their performance, affective wellbeing and intrinsic job satisfaction.

Subsample 1 (see Table 1) was used to report the demographics of the data and Exploratory Factor Analysis (EFA) for variable and factor reduction. Subsample 2 (see Table 1) was used for the Confirmatory Factor Analysis (CFA) to establish, validate and cross-validate the Measurement Model of managers' performance. Data from subsample 2 was used to establish whether the construct *managers' performance* could be generalised across groups.

Combining managers' and superiors' performance ratings in Subsample 2 involved double the number of responses being available for the CFA of the Measurement Model. Methodological hypotheses were tested and the Measurement Model was refined to establish the structure, the most reliable indicators, and the shared meanings attributable to dimensions of managers' contextual and task performance.

The pair congruence subsample 2 (where one superior rated one manager's performance) was used in preference to the matched pairs subsample 1 (where one superior rated many managers' performances), to avoid introducing systematic rating error into the Measurement Model. Superiors' ratings and self-ratings of performance from subsample 2 were used to establish the most reliable measure of managers' objective performance using MTMM analysis. The last recorded multiple ratings superiors' ratings of managers' performance were

selected to randomise the pair congruence subsample. Listwise deletion of variables resulted in managers' self-report cases being removed if they were not matched by superiors' ratings, reducing the sample to 125 cases. Table 1 describes the subsamples used for interpretation and analysis.

*Table 1 Samples used for interpretation and analysis*

<b>N</b>	<b>Sample</b>	<b>Description</b>	<b>Analysis</b>
281(M)	1	Managers' self-rated affective wellbeing Managers' self-rated performance	EFA Descriptive statistics Variable and factor reduction
200(M) 125 (S)	2	Managers' self-rated performance (independent) Superiors' rated performance (independent)	CFA Establish Measurement Model Validation sample Cross validation sample
125(M) 125 (S)	3	IVs managers' self-rated affective wellbeing <hr/> DVVs superiors' rated performance	MTMM Purification of measures Canonical Correlation Standard Multiple Regression

*Note:* *M = Managers; S = Superiors. IVs = Independent Variables. DVs = Dependent Variables. Total responses N = 400 (n = 281 managers and superiors = 125 superiors).*

For subsample 2, managers' self-report performance indicators were congruent with a superior's rating of their performance for the Multitrait-Multimethod Method (MTMM) of analysis. Also, superiors' ratings of managers' performance indicators were linked to the corresponding self-report of managers' affective wellbeing and intrinsic job satisfaction for the Canonical Correlation and Standard Multiple Regression analyses. Structural Equation Modelling techniques were not used to examine the multiple relationships between IVs and DVs due to the small size of the sample.

### **Canonical Correlation**

Canonical Correlation is a 'multivariate statistical model that facilitates the study of

interrelationships among sets of multiple dependent variables and multiple independent variables' (Hair, Anderson, Tatham, & Black, 1995: 444). For studies with multiple DVs and IVs, Canonical Correlation is the 'most appropriate and powerful technique' (Hair et al., 1995: 444). Canonical Correlation is suitable for assessing the relationship between metric IVs and multiple dependent measures to ascertain the strength and the nature of the defined relationship (Hair et al., 1995).

### **Standard Multiple Regression**

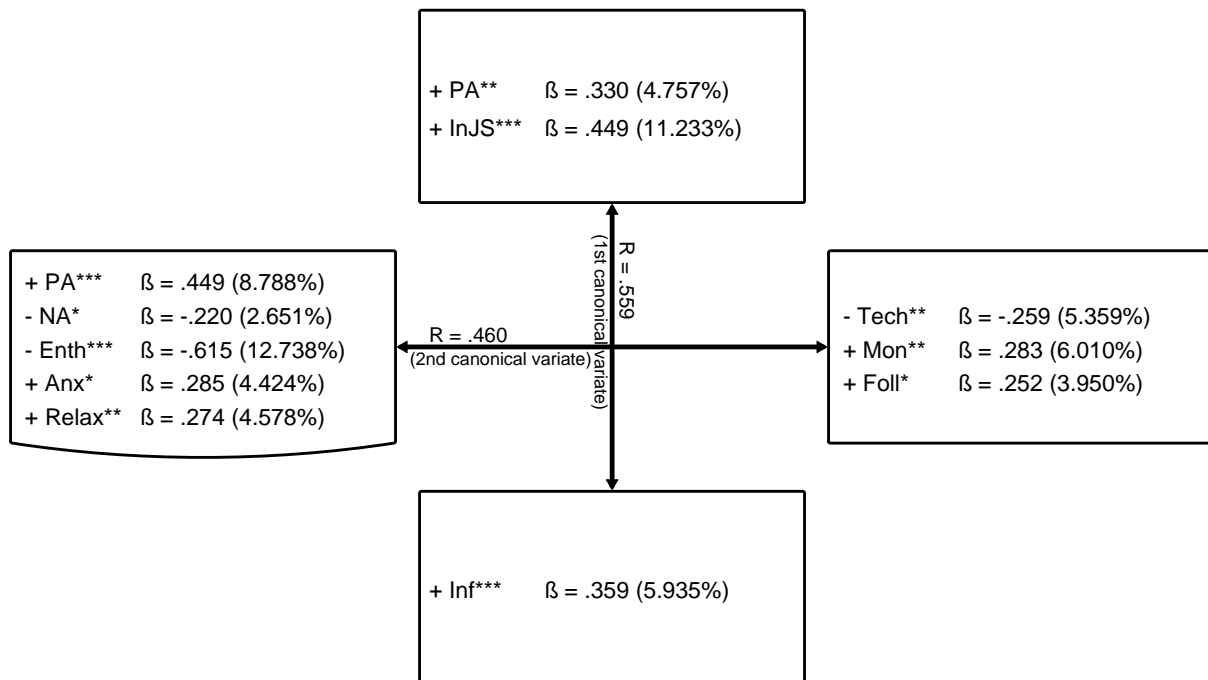
The regression analysis procedure ensures the maximum prediction from the set of IVs by weighting each IV. A Standard Multiple Regression was used on the predictor variables to test the specified hypotheses. Standard Multiple Regression analysis is used to predict DVs from the knowledge of one or more IVs (Tabachnick & Fidell, 2001).

Affective wellbeing and intrinsic job satisfaction were designated as the IVs, and contextual and task managers' performance as the DVs. 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 Partial model was refined from the data into two orthogonal dimensions of affective wellbeing, intrinsic job satisfaction and performance as illustrated in Figure 2.

Figure 2 Results on the Partial Model of Managers' Affective Wellbeing, Intrinsic Job Satisfaction and Performance (n = 125)



Note \*  $p < .05$ ; \*\*  $p < .01$ ; \*\*\*  $p < .001$ .

As reported in the literature the direction of the relationship between the variables is assumed to be from affective wellbeing, intrinsic job satisfaction to performance (Warr in Kahneman, Diener, & Schwarz, 1999). 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). As Ashkanasy, Hartel, Fischer and Ashforth (1998: 4) 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.

## FINDINGS ON THE PARTIAL MODEL

Indicators of affective wellbeing and intrinsic job satisfaction were found to predict dimensions of managers 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). Contextual and task performance variables were also found to be significant predictor for Positive Affect (PA).

The Partial Model 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 and 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.

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 to 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, or self-select into managerial positions.

As predicted, positive affective wellbeing was found to result in enhanced managerial performance, and poor affective wellbeing to be detrimental to managerial 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 a manager's task repertoire. As Goleman (1998: 21) 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 and the people they manage.

## **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. Trait based personality characteristics, for example happiness or introversion, relate to a general propensity to apply or perceive situations from the perspective of the trait. 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.

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 organisation's 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 organisation's 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. Similarly, 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).

## **IMPLICATIONS FOR HRM**

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 managerial 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 managerial performance will be valuable in determining job designs and organisational level interventions. Factors that are associated with how managers attain and sustain heightened levels of performance are identified in the Partial model. 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 employee performance.

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, managerial roles are likely to evolve more into managing the outsourcing of the organisation's activities rather than just managing people. Technological developments and movements to deregulation are exacerbating the speed and spread of this trend.

## **RECRUITMENT AND SELECTION**

In this study, PA and Intrinsic Job Satisfaction were strongly associated with Influencing. PA is a trait personality characteristic associated with extraversion which is a personality characteristic central to managerial jobs in dealing with peers, superiors, subordinates and external constituents. This indicates that managers who exhibit high levels of PA and Intrinsic Job Satisfaction may be effective at influencing others within and outside organisations. Executives with assignments that require extensive influencing may look to managers who exhibit or report high levels of PA and Intrinsic Job Satisfaction which indicates they are highly engaged at work. PA incorporates a personality trait (extraversion) that may also be a more useful indicator of a competency for selection purposes than the literature currently indicates. However, this finding should be tempered with the caveat that competencies represent managers' potential to perform rather than actual observed performance. This reality needs to be tempered with the realisation that a person's affective tendencies can influence their likeability and likelihood of being hired and the evaluation of their performance (Cook, Vance, & Spector, 2000).

An engaging personality may be a reason individuals are promoted or self-select into managerial positions. PA may enable managers to influence decisions from which they derive considerable Intrinsic Job Satisfaction, which incorporates a substantial cognitive component. A positive outlook is indicated by a personal belief in the future which is a trait associated with greater resilience (Park, 2005). Possibly the opportunity to influence decisions within an organisation may result in enhanced Intrinsic Job Satisfaction in addition to heightened PA. Also, it was shown that PA was the *only* variable common to both dimensions of contextual and task performance, indicating that it could be a useful prerequisite for managerial jobs.

## **TRAINING AND DEVELOPMENT ISSUES**

Executive management development is increasingly being seen as involving personal

development related to the way in which the individual deals with work/life issues, stress, and health (Hall, 1995). By their very nature, developing self-awareness, self-insight and self-understanding are within an individual managers' capacity for development. Training and development efforts have not always distinguished between cognitive learning and emotional learning. Nevertheless, such a distinction is important. A shift in attitude and emphasis is needed for this to occur, beginning with recognition of the importance of affective wellbeing in the workplace and the contribution of intrinsic job satisfaction to managers' performance. Developing these competencies is one way of ameliorating the debilitating effects of stressors on individual managers.

Since behaviour is something that can be changed and developed, the emphasis in this investigation was on developing an aspect of human potential to enhance managerial performance. Creating ingrained patterns of thoughts, feeling and behaviour may require an extensive development effort over several months, and may require a further 3–5 years to fully develop (Chernis & Goleman, 2001). An 'emotional competence is a learned capability based on emotional intelligence that results in improved job performance' (Goleman, 1999: 25). Emotional competence requires that emotional learning be recognised and given the same prominence as cognitive learning. Developing emotional intelligence takes time and most of all, commitment from organisations and individuals. Benefits that flow from a well developed emotional intelligence for both the individual and the organisation, are likely to make the effort and cost worthwhile (Goleman, 1999).

Traditionally, task relevant improvements (e.g., job design) or motivational techniques (e.g., goal setting and reinforcement) or improvements in ability (e.g., training and development) have been used to improve performance. Essentially, these interventions concentrate on the cognitive aspects of managers' jobs. Organisations that are most successful at developing managers provide extensive development and coaching, and measurement of progress that is

coupled to an appropriate reward system (HayGroup, 1999). Certain affective wellbeing states (e.g., Enthusiasm, Anxiety and Relaxation) were found, in this study, to influence managers' likelihood of achieving optimal performance. Finding ways of improving self-efficacy is important to furthering our understanding of how motivation influences performance that may translate into increased organisational productivity. This can be achieved by changing work environments to be more flexible and intrinsically rewarding.

A growing body of research on emotional learning and behaviour change suggests that it is possible to help people of any age to become more emotionally intelligent at work. However, many programmes designed to do so fail to recognise the difference between cognitive and emotional learning. According to Goleman (1998: 317), 'Companies are naive in how they spend their development dollars in training for people skills - they can get a far better return on their investment if they do it right ... The rules of work are changing. We're being judged by a new yardstick: not just how smart we are, or our expertise, but also how well we handle ourselves and each other'. This book reinforces the need to rethink how we approach developing soft skills in the workplace.

Emotional learning often involves ways of thinking and acting that are central to a person's identity. Goleman (1998) has specifically linked the ability to influence others to a person's emotional intelligence. However the importance of emotional intelligence needs to be kept in perspective, 'Emotional intelligence skills are synergistic with cognitive ones: top performers have both' (Goleman, 1998: 21). Developing managers' emotional competencies requires a broad and sophisticated array of development tools. Traditional training needs to be blended with a variety of ongoing planned developments such as career assignments and individual coaching. A period of months involving ongoing coaching, encouragement, peer support, modelling and on-the-job practice is necessary (HayGroup, 1999). Such initiatives have important resource implications for organisations and therefore demand careful consideration.

## LIMITATIONS OF THE STUDY

Unconscious misrepresentation of managers' ratings may result in four types of bias: acquiescence; extremity; auspices; and social desirability (Zikmund, 2002). Acquiescence bias is due to the respondents' tendency to concur with a particular position. As the subject matter pertains to individual level performance, affective wellbeing and intrinsic job satisfaction, the acquiescent response set was considered by checking if contradictory questions (e.g., Depression/Enthusiasm, PA/NA) were answered in a logically consistent manner. In terms of methodological limitations, the potential errors associated with random and systematic processes as demonstrated, were minimal. Similarly, both sample selection error and respondent error were not major issues. Acquiescence, extremity, auspices, and social desirability biases were deemed negligible.

To avoid the problems associated with self-report data some researchers have used superiors' ratings (downward appraisal). Superiors' ratings may overcome the problem of social desirability that may occur in self-report data, but this creates the problem of 'subjective favouritism' where superiors give biased performance reports. These reasons may range from simply not accurately knowing the level of performance of an employee, through to personal conflict that results in an intentional underestimation of performance reporting. The variability of managers involved in this study, in terms of occupational category, level of seniority and organisational type, should have minimised this problem.

There are also a number of limitations to interpreting the results of Canonical Correlations. Canonical weights are subject to considerable instability and do not extract the variance, but they do maximise the correlation between linear composites. Precise statistics are unavailable for interpreting a canonical analysis, making it difficult to identify meaningful relationships between subsets of IVs and DVs (Hair et al., 1995). Some of these limitations have been addressed through the use of multiple regression analysis.

## CONCLUSION

Debate over the ‘happy-productive worker’ thesis has been progressed in this paper by determining certain trait and state indicators of managers’ affective wellbeing and intrinsic job satisfaction, indicating their contextual and task performance. As global market forces become more pervasive, optimising so-called hard and soft HRM strategies through emotional intelligence is likely to become more important to enhancing managerial health, performance, and 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 enterprise costs, and ultimately result in more productive organisational outcomes.

An empirical methodology was used 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.

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.

The findings support the view that happiness may contribute to self-motivation, facilitating organisational effectiveness. Alternatively, performance may merely be a barometric of the feelings of effective managers. 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.

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