



**UNIVERSITAT
JAUME·I**

HAPPINESS AT WORK

Author: David Álvarez Mateu

Tutor: Jacob GuinotReinders

BUSINESS ADMINISTRATION AND MARKETING DEPARTMENT

AE1049 – FINAL DEGREE PROJECT

ACADEMIC YEAR 2015-16

INDEX

A. TABLES INDEX

Table 1. Two stage probit estimates of happiness and positive attitude equations

B. IMAGE INDEX

Image1: Wage equation using the workers happiness and positive attitude.

ABSTRACT	3
INTRODUCTION	4
THEORETICAL FRAMEWORK	6
1. <u>HAPPINESS</u>	6
1.1. Types of happiness.....	6
1.2. Happiness and productivity.....	7
1.3. Some policies that may increase happiness.....	8
2. <u>TYPES OF EMPLOYEES</u>	9
3. <u>VARIABLES WHICH AFFECT EMPLOYEES HAPPINESS</u>	10
3.1. <u>Schooling</u>	12
3.2. <u>Marital status</u>	14
3.3. <u>House ownership</u>	15
3.4. <u>Number of children</u>	16
3.5. <u>Teamwork</u>	16
3.6. <u>Motivation and leadership</u>	17
3.7. <u>Income</u>	18
3.7.1. <i>But what does the experts think?</i>	23
3.8. <u>Positive attitude</u>	24
3.8.1. <i>Importance of positive attitude</i>	26
3.8.2. <i>Is positive attitude likely to be affected by the same variables that affects happiness?</i>	28
3.8.3. <i>Hapiness ffect on positive attitude</i>	29

<u>3.9. Employee satisfaction</u>	30
3.9.1. <i>Intrinsic and extrinsic satisfaction</i>	31
3.9.2. <i>Job Characteristic – Job Satisfaction Relationship</i>	32
<u>3.10. Other variables: Behaviour, family income/education and policies</u>	34
CONCLUSION	36
REFERENCES	39

ABSTRACT

Purpose: The main purpose of this document would be exploring which are the main variables that may affect a worker's happiness in their day to day. And in order to achieve this, in the document it is explained first of all what happiness is and its importance in every organization and then what variables affects their happiness, as well as what can organizations do to improve the workers happiness.

Design / methodology / approach: This document represents a theoretical review of what affects the workers happiness, starting from the need to understand the concept of happiness, its benefits and what can the organizations do in order to increase it. The document pays reference to existing literature related to worker's happiness, positive attitude and wage, obtained from the database of the University Jaume I.

Findings: Nowadays workers live in a world surrounded of variables that could affect their happiness, not only in his or her work environment but also in the personal one. Because of that, they should try to focus on watching the positive side of anything that could happen in their life. The literature highlights the importance of the variable positive attitude in order to achieve happiness.

Originality / value: The document aims to show what employees' characteristics should be improved in order to achieve the happiness at work.

Key-words: Happiness, Positive attitude, Satisfaction, Income, Schooling, Wage

INTRODUCTION

The business world is changing, what means that every day there are more and more factors that may affect the employee's happiness, not only at work, but also in their private life. Throughout this study we will be analyzing all the most important factors that may affect their happiness, as well as giving some ideas that firms could use in order to implement in their businesses.

So, the main objective of the study would be to fathom the reasons why some workers have a higher level of happiness and some others a lower one, so we can extend our knowledge about what make employees feel happy or unhappy. A healthy organization will always need employees who feel happy and who are motivated enough to help both the organization and themselves to succeed. So understanding the reasons why they might feel unhappy will be essential to implement suitable policies. In order to write this study, it was necessary to look for articles with enough useful information, which were obtained from the complete database of the University Jaume I.

Each organization is different, and because of that it is necessary to identify what makes everybody in the organization feel good and happy. Once the organization has determined this, it would be optimal to try to achieve this utility in the daily activities, so the work could become one of the ways to achieve happiness. The attitude everybody will need is the more optimistic and positive, the better, since attitude is key to achieve happiness at work. However, there are many more variables that may affect an individual's happiness level such as his or her marital status, schooling or the number of children. Some psychological capital variables (for example: positive attitude or self esteem) are really likely to affect the worker's happiness positively. So these capital variables could have an effect on the employee's wage not only directly, but also in an indirect way through their effects on happiness (Mohanty, 2009). Furthermore, the type of organization in which the worker is hired will also be a determinant of his or her happiness, since there are ones that take care of their employees in a better way than others do security (Block, 2011; Habbershon & Williams, 1999; Klein & Bell, 2007; Memili, Eddleston, Zellweger, Kellermanns, & Barnett, 2010; Poza, Alfred, & Maheshwari, 1997).

Everybody in an organization have attitudes that will make them answer positively or negatively to another person, to a group of people, to a certain object, to a situation or even to an idea. And, obviously, the possession of an attitude will predispose the individual to react in a specific way. But the knowledge of the attitude allows sometimes to understand our behaviour, in both the company and other aspects of life. When a person feels satisfaction and happiness from work that means that has a set of favorable feelings and emotions about the work. When it is this favorable, both the satisfaction and the happiness at work will be increased and the relationships quality with both the bosses and peers will be better. This may also have a direct impact on the job involvement (degree in which employees are immersed in their work, the time and energy they invest on it and how important is work to be in their life). Involvement in work is the first step to achieve satisfaction at work, which is essential to feel happy with one work (Cheloha, R and Farr, J. L., 1980).

As we stated before, the attitude will be essential if we want to transform the business and the labor market, from the passivity and the negative attitudes, to action and entrepreneurial dynamics. This way the business will be ready to face the challenges and not avoid them.

In order to obtain all the information I needed about this topic, I had to decide where I should look for information. I logged in the University Jaume I since all the information included in this database is quite updated and reliable. The key words I used in the servers were happiness, wage, work, and positive attitude. Then I selected those articles that were more interesting, especially those written by Mohanty, and highlighted what it seemed to be more relevant. However, not all of them were useful though, since many were talking about too specific topics, such as a specific firm or sector, so I couldn't use it because I needed information that talked in a more general way. And in order to explain all this information, first we will explain what happiness means, then we will talk about how the way an employee is may affect his or her happiness and then the most important variables that will affect that individual.

THEORETICAL DEVELOPMENT.

1. HAPPINESS

In short, happiness is something subjective, difficult to measure and mainly depends on the way we tell others what happens to us, how we interpret our own reality, our expectations, the circumstances of our environment, etc. In words of Virginio Gallador "happiness is not about doing what we want. It is more about liking what you do. It is the motivation, the activity aimed at something, the desire to do that thing, it's research, and not the achievement or satisfaction of desires, what helps people to have deeper positive feelings".

1.1. Types of happiness

Happiness is a state of mind which is characterized by providing the personality of who owns it a more positive perspective of what he or she has around. In order to understand more easily what happiness is, Martin Seligman (Positive psychology's father), defined three types of happiness:

- **The pleasant life.** It consist in filling one life with every kind of pleasure and learn several ways to enjoy them all better. However, this is the most superficial level.
- **The second level is the good life,** referred to what aristotles called eudaimonia, or what Mihaly Csikszentmihalyi recently called "flow state". In order to achieve this formula, the individual should know the virtues and talents owned, as well as rebuild life to implement them as soon as possible. Then, happiness would consist in being completely absorbed in an activity for his or her own pleasure and enjoyment while time is being consumed and actions, thoughts and movements succeed non-stop.
- **The third and last level is the meaningful life.** It would consist in using your virtues and talents in a service or cause which you feel it is bigger than you, so you

can give meaning to your life. In this level, the workers should focus on achieving the organization objectives.

1.2. Happiness and productivity.

According to a study done at Warwick's University, happiness is a factor that generates more productivity in the workplace. This study gives us even numerical results since, with their laboratory study, they concluded that a happy worker is 12% more productive than one that is not at all. And what is more, the same analysis claimed that workers are as happy in their work as their degree of perception that time is using correctly. In fact, if they feel good, they increase the useful work time (which does not mean that quality with which they operate will decrease). This is because they will be more motivated to work and they waste much less time, since they might feel more comfortable with achieving both their own objectives and the organizational ones.

Not only organizations are responsible for generating a healthy work environment, but also the employees, so they can increase the productivity and also avoid that the best talents leave the organization. This could help us understand that happiest organizations are those with firmer values. Trying to create solid strong links between the workers will also help to make everyone feel happier. And this is why in the last years everyday we see more examples of more "human brands", meaning brands more concerned about their employees and their health and trying to train and develop their employees. The happier the employees are, the more probabilities to stay in the firm (Choo and Bowley, 2007).

It's important that employees do not only focus on the salary. It's not a secret that money matters and millions of workers are dissatisfied with their salary and would love to increase it, since they think with a higher income they would feel much happier, but there are many other factors that affects happiness. Furthermore, those who only think about how bad their salary is, will focus only in a negative feeling instead of focusing in all the positive aspects of his or her job. This means it's better to think about the positive effects of the work an employee is doing, such as how useful that work is or how many people is helping (Seligman, 2003).

1.3. Some policies that may increase happiness.

The relationship of personal happiness with positive attitude is stronger than any other covariate of happiness known in literature, including income. Positive attitude is not only a covariate of happiness, but also a determinant of happiness, especially in between the matured adults community. And in order to increase the personal happiness it would be helpful to use policies designed to help those individuals not only to increase their incomes, but also to improve their attitudes.

By implementing a policy to raise worker's earnings a firm could improve their workers situation. However, they should not only focus on increasing their human capital incomes, but also on developing their attitudes to be more positive, since this would help them to feel happier and, consequently, they would be more productive. Groves (2005), Waddell (2006) and Mohanty (2009) have also recommended in the past that in order to raise the worker's earnings potential, training in behavioral and psychological is as relevant as the traditional measures which promote their cognitive skills.

Borghans et al. (2008, p.1020) said:

“In summary, the answer to the question of whether the change in personality is possible must be a definite yes, both in terms of mean-level and rank-order change. However, change may be more difficult later in the life cycle, change may be more enduring for some (such as more emotionally stable individuals) than others, change may require persistent and consistent environmental pressure (as opposed to transient pressure from short-term interventions), and there are powerful forces for stability (such as genes and habit) which make change difficult.”

Another interesting practice would be implementing a human values development program (Sai Baba, 2007), since it could have a positive effect on an individual attitude through the training and the previous program. However, it is better to implement this kind of programs when the individual is young, since the older he/she is, the less pronounced the results will be because his or her capacity to learn goes down. This is due to the fact that young individuals are capable to learn better and faster most of the times. So, by implementing a human values development program with which the business could improve the principles,

standards, convictions and beliefs that people adopt as their guidelines in the daily activities the happiness of the employees would actually be positively increased.

2. TYPES OF EMPLOYEES

In every organization there are different kind of employees with different levels of happiness, this means that depending on the type of employee the worker is, his or her happiness will be conditioned. We could divide them in two kind of employees to whom the effect of wage and positive attitude differs, what makes them have different job satisfaction and happiness levels. One of the types is the family employees and the other is the regular employees. The family employees are those who work in family firms, which also play an important role in modern economies. Previous researches have shown that family firms differ from nonfamily firms with regard to employee loyalty, work practices and job security (Block, 2011; Habbershon & Williams, 1999; Klein & Bell, 2007; Memili, Eddleston, Zellweger, Kellermanns, & Barnett, 2010; Poza, Alfred, & Maheshwari, 1997).

Utility theory (Bentham, 1789; Clark, 1996; Clark & Oswald, 1996; Stigler, 1950) proves that an organization's employees derives utilities not only from their wage, but also from job characteristics (prestige, status, power or control), which means that they could have a great happiness level even if their salary is low. Family employees have an additional source of utility if they are compared with other regular employees and this is because the first ones derive utility from the fact of being employed in their own family firms. Because of that the employees are emotionally linked to their firms and care strongly about the public image of their firms (Astrachan & Jaskiewicz, 2008). All of this help them to feel happier easily. However in those regular firms, they employees cannot take advantage of these characteristics, so feeling happy will depend mainly on other characteristics that will be studied along the study. With this, we could say that with the same wage, the level of happiness of a family employee will probably be higher than the one of a common employee.

In a job, usually the wage differentials exist in order to compensate somehow the less favorable nonpecuniary aspects of alternative types of employment, this way employees

try to trade off the utility derived from their wages against the utility derived from those nonpecuniary job aspects. This means that for those employees who work in unattractive jobs, the organization will have to give higher wages to them if they want to compensate the higher utility levels associated with working in an attractive job.

When a business wants to provide a certain employee, with an unattractive job, the same utility level that an employee with an attractive job would have, the employer will need to offer the first employee additional wages in order to compensate the utility difference. Therefore, in equilibrium, the relationship between the increase in job satisfaction gained by earning an extra amount of income and by receiving an extra unit of nonpecuniary job characteristics.

As we said before, family employees are capable to derive additional utility from working in their own family firms, since that kind of employees are capable of achieving the same utility level as regular employees at lower wages and they accept that condition in return for working in their own family firms while maintaining a great utility level, what will help them to feel happier.

3. VARIABLES WHICH AFFECT EMPLOYEES HAPPINESS

Economists and psychologists, in their exploration to find some other determinants of happiness in the last few decades, have found that income is not the only variable which affects it. There are some other variables which do affect it, such as good health, supportive marriage, good social relationship, freedom, democracy, lack of tragedy, and so forth also contribute significantly to an individual's level of personal happiness (Argyle, 1999; Diener & Lucas, 1999; Frey & Stutzer, 2002; Gerdtham & Johannesson, 2001). With these studies and researches it has been proved that not only objective but also subjective factors are important for the promotion of happiness, even in an equal way. However, there are some psychologists who feel less optimistic about the importance of objective factors on the individual's happiness (Diener & Seligman, 2004).

As it has been predicted in the last years by the human capital theory (Becker, 1993; Mincer, 1974), there are several variables that will affect positively the wage workers

receive in their life (years of schooling, intelligence (AFQT), experience, tenure, full-time status...). And, interestingly, presence of health problems may decrease the worker's wage significantly (the study comment that this could be due to disproportionate presence of workers with health limitations in low-paying jobs. The percentages of these workers in low-paying service, operative and clerical jobs are much higher than those in high-paying managerial, professional, technician and craftsman occupations. This is explained because usually in the high-paying managerial, professional and technician jobs are more likely to require specific mental and physical skills that might be too challenging for those workers who have health problems and, consequently, those last workers may voluntarily be crowded into less demanding low-paying jobs. This crowding may also be the result of workers' hiring discrimination against workers who may suffer a health problem in high-paying occupations. And, as a consequence, this has many important policy implications which actually calls for appropriate anti-discriminatory measures against such unfair practices, if at all they exist.

There are hundreds of variables that may actually affect an individual's happiness. For this reason we will examine those which have a stronger effect on the worker's happiness. However, it is important to say that not everybody is affected by the same variables in the same way. Because of that, it would be best to separate the work population in three different types (teenagers, young-adults and matured adults) in order to show how different the effect of these variables could be

With all this we may state that the covariates of happiness will vary to some extent between matured adults and young adults and also that the relationship of personal happiness with positive attitude is stronger than that with any covariates of happiness known, including income (valid in all the groups we have studied so far).

3.1. Schooling

Since an individual's human capital stock can be increased by acquiring more years of schooling (Becker, 1993; Mincer, 1974), attitude could also be improved by receiving and appropriate and valuable education or behavioral training (as we stated in the previous paragraphs). It is known to be as well as a covariate of happiness and, therefore, it can be considered merely as characteristics of happiness when higher income resulting from more schooling is traditionally considered as a determinant of happiness.

It is pretty obvious that the more years of schooling an individual have, the higher level of happiness that will have (Gerdtham & Johannesson, 2001; Oswald, 1997).

But it will not affect the same way every single individual. It has been demonstrated that the variable schooling is not that strong through the matured adults sample. The reason for this might be the fact that young people, who might still be at school or about to finish it, might consider their schooling much more important than matured adults who may have already finished their schooling a long time ago.

Somehow, those individuals who enhance their own self-esteem through more education might be able to augment in a direct way their happiness. It might also increase happiness indirectly through its direct effects on income, since the more income a person perceive, the more possibilities he or she has to be happy. Younger people, who at present moment might be reaping both direct and indirect benefits of their current or recent schooling, are quite likely to have an important positive correlation with their happiness probabilities.

However, matured adults have relatively longer post-schooling experiences. This means they may have already enjoyed the benefits of their schooling during the earlier parts of their carriers. Their years of schooling were acquired a time ago, so it is less likely for them to have a significant impact on their current happiness probabilities. What means that the younger the individual is, the more possibilities he or she will have to have a higher happiness levels because of his or her schooling.

Also intelligence (measured by the AFQT score) has an important negative correlation with the happiness of teenagers and younger adults. But this fact has no such a strong relation with the happiness of either matured young-adults or matured adults.

Even though the reason to explain this fact is not entirely clear, this may be a consequence of higher aspirations of these talented young people to achieve better academic achievements during the later part of their high school careers or during early years of their college education. This could be due to the frustration they feel when they see no progress in achieving their objectives.

In order to enhance an individual's personal happiness it would be really helpful supplementing traditional schooling with training in behavioral skills by promoting both the income and the attitude, in order to make it more positive than before. Authors such as Becker (1993), Card (1999) and Mincer (1974) have already examined in an extensive way how some human capital characteristics (education, experience and training) could affect an individual's earnings positively. In these studies they demonstrate that not only the quantity, but also the quality of schooling may enhance his or her earnings potential by increasing one's human capital endowments.

Any policy that could encourage an individual to improve his or her schooling level and quality education is more likely to indirectly promote his or her happiness through the direct effect that will affect income.

In a recent study done in 2013 by Mohanty, it has already been demonstrated that the attitude of an individual might be improved through proper value education and also training in behavioral skills. By supplementing traditional schooling with appropriate value education may thus improve not only the earning potential of the individual, but also his or her attitude leading to higher levels of personal happiness.

By improving an individual's attitude and his or her behavioral skills through education and counseling it would be possible to change his or her economic performance to the better (Groves, 2005; Mohanty, 2009a, 2009b, 2013; Sai Baba, 2007; Waddell, 2006).

Human capital theory also claims that quantity and quality of schooling will affect the employee's earnings in a positive way and, consequently, any variable that could influence the years of schooling could affect earnings directly.

Mohanty explained that those individuals who acquire even 5 years of additional schooling increases the happiness probability of young-adults by merely 3.45 percentage points. Between adults individuals, men are 1.77% less happy than women, whereas whites are 3.09% more happy than non-whites. In addition, school enrollment increases the chances of being included in the highest category of happiness by 3.74 percentage points for young-adults, and employment increases this probability for adults by 2.67 percentage points only.

3.2. Marital status

There are of course more covariates of happiness. A new example that actually has a significant differential effect on both matured and young adults would be the marital status. This is because of the fact that the happiness level is mostly correlated in a positive way with marriage in the samples of younger adults used in the study, but it was not among mature adults (even though authors such as Gerdtham & Johannesson, 2001; Hasegawa & Ueda, 2011; Oswald, 1997; Peiró, 2006, saw a clear relationship between marriage and happiness, including matured adults as well). The reason why this happened could be attributed to differences in how younger and older people value their marriages, since younger adults (who will possibly have been married for less time than the matured ones, with fewer marriages and less age-related physical problems) may derive more satisfaction from their marriages and also be more excited than matured adults, who may have been married for more time, with possibly more marriages and health related problems (those problems will irremediably affect their happiness negatively).

And since good health is really likely to have a positive effect on the physical aspect of marriage, younger people (who will probably also have less health problems) are more likely to enjoy their marriage more than older couples do and, consequently, the lack of significance of the coefficient of marriage in the matured adult sample, although unexpected, is not unrealistic.

But, as we said in the previous paragraph, not only marriage could affect happiness indirectly, but also variables such as health problems may have a direct effect on it. In the study done by Madhu S. Mohanty there are results that actually indicate that the presence

of health problems may perfectly reduce the happiness of matured adults notably and has no effect on those people who belong to the younger groups. In fact, other things held constant, the probability of being included in the highest category of happiness declines by 9.22 percentage points when matured adults suffer from some health limitations, since it could affect other aspects of their life, what could reduce significantly his or her happiness.

A clear example that proves what Mohanty stated would be the fact that those married individuals who are living with their wives will be able to enjoy the happiness probabilities advantages. This is something that those unmarried or divorced individuals will not be able to enjoy by 4.27 and 2.87 percentage points, respectively, in young-adults and adults.

Another interesting data would be that Oswald did a research in which it is possible to see that both women and white people feel happier than their men and non-white correlate, even though, obviously, there are exceptions.

3.3. House ownership

Of course, matured adults and senior young-adults who own a home will have a positive effect on their happiness. In case of matured adults and senior younger-adults, who usually have more facilities to buy a house, home ownership may add to their personal pride and hence happiness. But does not occur the same with teenagers and younger young-adults, since there's no relationship between their happiness and home ownership. For today's youth, the chances of owning a house are really low, so this makes them want to achieve different goals which they consider more relevant to their ages. Teenagers and youths are supposed to attend school or college in order to expand their human capital endowments at this period of their lives and they live under their parents' protection, so they do not need to worry about home ownership. The fact that they are doing what they are supposed to be doing in that particular moment of their lives will probably increase their happiness more than any other happiness-augmenting factors that are beyond their reach, including home ownership.

One more example from Mohanty would be that home ownership increases an individual's happiness probabilities of young-adults and adults merely by 3.62 and 3.10 percentage

points, respectively. However, marginal effects of positive attitude on the probability of being included in the highest category of happiness are 48.36 and 53.37 percentage points, respectively, in young-adults and adults.

3.4. Number of children

Both Oswald (1997) and Peiró (2006) proved that the number of children is correlated in a negative way with the happiness levels of older young-adults. However, it has no relationship with those same levels through the matured adults or teenagers samples.

Obviously, happiness depends on a large extent on one's ability to self-support and support dependents. For the younger individuals (and also less likely to have children) it would be really hard to maintain descendants in most of the cases, at least in the beginning of their professional career. This kind of people is more likely to be living independently on their own or with a partner, with their own incomes and also less years of work experience that matured adults will relatively have. On the other hand, for the matured adults, who usually are financially stable and take care of children, the number of children would not suppose a serious financial burden on them, generally talking. For teenagers and very young individuals children will not be a problem, since they will be more likely studying and living with their parents, so there is no need for them to worry about this matter (not thinking about building their own family).

3.5. Teamwork

We all know that often there might be misunderstandings and dissatisfaction in the workplace because we don't think about the opposite position. Empathy and attitude towards work and colleagues are essential. Those of them which are harmful to the organization such as the comparison with others through results should be banned, since teamwork is a key element to make the employees feel good. Somehow, the personal goals have to be synchronized with the organizational ones, but this requires a huge effort and a lot of self-knowledge and sincerity. It also requires a good knowledge of the work environment and they need to be willing to seek for solutions. Teamwork is the main key to

maintain a climate of positive happiness at work. Every single part should seek for a common goal and work to achieve it. It is impossible to reach this goal individually, and this is why the effort must be collective.

3.6. Motivation and leadership

Other variables we haven't talked about yet and also are strongly related with the employee's satisfaction would be both the leadership and the motivation. Even though they don't have an effect as powerful as positive attitude, it would be interesting to analyze the relationship between them since there is a linkage between employee satisfaction and leadership.

Important correlations between motivation and employee satisfaction reveal that successful motivation approaches foster positive employee attitudes. So, first of all, it is important that an employee meets all the necessary requirements and needs. This way, organization leaders are able to motivate those employees to contribute more. In addition, the positive relationship between leaders and motivation is very strong, which means that the more effective the leadership is, the more motivated employees and organization will be (Barber et al, 2010) and the happier they will also be, maybe because they feel they are doing it better and their attitude increase or because they have a higher salary.

Leadership is linked closely to employee satisfaction, since when employees feel that they can somehow have an influence on team's decision making, they tend to be more satisfied because they feel the team support their ideas. This affirmation is really close to what Miller said back in 1997, who found that participation in decision-making can be better satisfy employees' higher needs of job satisfaction. Employees also tend to respond to the motivation efforts of the organization, since the relationship between employee satisfaction and motivation is really strong. This demonstrate that a participative leadership application helps to motivate employees usually way better than any other style. And as consequence, when an employee feels more satisfied when making suggestions, his or her happiness will raise as much as his or her satisfaction.

Another important thing to point out would be the recognition from both colleagues and chiefs, since it will be necessary for workers to reach the so needed workplace wellness factor. Organizations and managers should also promote the value of their employees and try to reconcile their goals with their employees' business objectives. This is the reason why a good leadership is so important in any organization. If the workers are happy in their work, they will benefit the company in every way possible. Each worker needs to feel his work is part of a whole that will influence the others and to achieve that the managers must understand that each employee is different and this diversity must be studied and encouraged. The self-assessment and the professional autonomy will be two of the most important factors that firms will have to develop if they want to promote happiness among their workers (Herzberg, F., Mausner, B., and Snyderman, B., 1959).

And the first thing to understand is that talented people won't be captured nor maintained in the business if it is not providing a good working environment, since the best talents will only attend to those companies in which the work environment is excellent. In addition, a company should know how to make their employees feel useful by taking care of recognition programs to help the talent grow. Therefore, we could say that leadership, motivation and employee satisfaction are strongly related, since employee involvement, efficient communication and personal development motivate employees and make them to like their job (Lambert 1991). With this, employees will also develop their happiness through the satisfaction they get from the motivation.

3.7. Income

Obviously, the definition of happiness is way wider than the explained before and it is something bigger than the narrow textbook definition. As we know, it can be increased by raising the employee's income. And, of course, we understand that happiness might be increased by any factor that may promote enduring psychological satisfaction and not necessarily by only an increase in income.

However, we can't undermine the importance of income in an individual's overall well-being, since for most workers their salary is one of the most important things to consider

when they accept a new job. This is explained because a human being needs the basic needs to be covered for its own survival, and because of that we can claim that for an individual's well-being his or her income will be something indispensable. And even though comforts and luxuries is not something really essential to survive in nowadays world, they might add convenience to living, what will promote happiness for sure. And this is just the reason why several cross-sectional studies have found evidence of a positive relationship between income and happiness. However, as we said in previous paragraphs, the effect is not as strong as other variables, such as positive attitude.

It would be really helpful to determine whether or not happiness and positive attitude depend on the worker's wage income. In 2009, Mohanty already demonstrated that the worker's wage has a positive effect on his or her positive attitude. However, several past studies also found the evidence of a positive relationship between income (or wage) and happiness although the relationship is weak, especially over the life cycle (Easterlin, 2001; Oswald, 1997).

There are estimates which suggest that happiness does not necessarily depend on wage income and that the effect of wage on positive attitude, although positive, is weak. These preliminary estimates thus provide strong support to the conclusion drawn by earlier researchers that happiness does not necessarily depend on income, but one's attitude (Ahuvia, 2008). Thus, even though income affects positively in most cases a worker's attitude, this effect is not that strong.

Stevenson and Wolfers decided to examine back in 2008 data from a few countries and found the evidence that income has a significant positive effect on individuals' reported levels of happiness and satisfaction at work. And, obviously, with these findings we could conclude that the role of income, is a really important determinant of happiness and can never be underestimated, even if its effect is not as powerful as others. However, if we assume that an increase in material well-being through a rise in income could lead to an increase in happiness on its own, it would remain a questionable proposition. This is because after a given level of income necessary for satisfying the basic needs of an individual, other aspects may take preference over salary in promoting further happiness. Some authors such as Easterlin (1995, 2001), Myers (2000) and Diener, Horwitz, and Emmons (1985), demonstrated with a group of Americans that their happiness didn't

increased significantly during the last half century even though their income did increase several times during this period of time.

It is interesting to note that the relationship that exists between income and happiness is not necessarily limited to only the wage income, since individuals who have high incomes from other resources (for example from self-employment) and inheritance, may maintain affluent lifestyles that enhance their personal happiness even though their incomes from market employment are zero. So once we examine the relationship between these two variables, there is no reason to unnecessarily restrict the income to wage income only, since there are more variables who could affect.

Research on income and subjective well-being have shown that among the individuals who has no need to earn more money, an increase in income has little or no lasting impact on happiness. However, the desire for more income remains a powerful motive among many people who actually is in the need to earn more (Ahuvia, A. ,2008). Moreover, higher wage income (although it affects happiness positively through higher standards of living), may also influence it adversely. This is due to the fact that it is usually associated with loss of leisure resulting from longer hours of market work. Then, the relation between wage income and happiness is not straightforward. So, all in all, we could sum this up saying that wage does not affect happiness only in a positive way, since in some cases the employees need to work long hours to increase their wage income, what could affect negatively their happiness (Easterlin, 2001).

Nevertheless, we cannot forget that everyday there are more people sharing a level of income relatively low (which means there are less facilities per capita). This has a negative effect on the individuals, since the happiness of young adults (especially) will decrease when they have more children (the less money they can earn monthly and the more children they have, the more their happiness will decrease because they will have more expenses). Especially for them since there are less probabilities that they have savings which could help them. So the higher the individual's income, the higher his or her happiness levels will be. It is pretty obvious that for teenagers and younger-adults the outline is absolutely different, since the income is not that important for them due to the fact that income is really important for normal living, affecting happiness (Stevenson & Wolfers, 2008). Those younger individuals might be living with their family in their parents

house or in their own house with parental help and other financial assistance from external sources (such as loans and grants) to help this person cover their main expenses, basically schooling and living expenses. With this we know that the family income does not play a significant role in the determination of their personal happiness for teenagers and young-adults, but it would be for matured adults.

This is due to the fact that matured adults and senior young-adults who are more likely to be living independently will have more needs for a higher salary in order to survive in today's world. Consequently, an increase in their income will affect positively their happiness.

Larger workplaces and employers (Brown & Medolf, 1989) will also have a positive effect on wages. The study also claim (these statements are in line with numerous earlier findings which find the evidence of large positive male - female wage differences and also confirm the presence of a positive relationship between marriage and earnings in the labor market: this study was done by Altonju & Black in 1999 in the US) that males and married workers usually receive a higher wage than their otherwise identical female and unmarried counterparts.

It is also important to mention that past studies found out that the worker's earnings are actually affected in a positive way by his/her happiness with life and positive attitude (Graham et al., 2004; Mohanty, 2009; Waddell, 2006). They managed to prove that positive attitude has a direct effect on worker's wage rate and this is because of the fact that those individuals who feel happy and also have a positive attitude are more likely to have a higher productivity, what in most cases will help them to increase their income wages.

With everything explained in the previous paragraphs we have a better idea of how important the income is. However, we cannot forget that income (although important), is not the only determinant of happiness and, consequently, it would also be interesting to explore some other factors which could contribute to happiness.

Nevertheless, at the same time, there are other variables that definitely affects a worker's income. The worker's happiness and his or her job satisfaction will have a

direct impact on the income at the same time (as we said income affects directly these two variables), and it is also indirectly affected through its effects on schooling. This indirect effect of happiness on income through schooling depends on two theories: that schooling have a positive effect on income and also happiness affects schooling in a positive way. Happiness may increase or keep wages low indirectly, partly because of its effect on schooling. Explained in a simpler way, this means that those workers who have higher levels of happiness will earn more because they have more schooling years and, accordingly, more schooling leads to higher earnings.

And what is more, there are evidences of a simultaneous relationship between happiness and positive attitude which in turn suggest that both these variables affect wage indirectly through their direct effects on each other. It has been demonstrated that the worker's positive attitude affects his or her wage rate not only directly but also indirectly through its effects on happiness. This is explained because those workers who have a positive attitude are likely to be more productive than those who don't feel happy nor have a positive attitude, what means that they will have more possibilities to have a higher wage. So, those workers who feel happy (and since happier workers are expected to earn more), positive attitude is likely to have a positive effect on wage indirectly through happiness. So, as a conclusion, we could state that happiness, like positive attitude, also affects the worker's earnings not only directly but also indirectly through its positive effects on positive attitude. Authors such as Goldsmith et al., Groves or Waddell have examined the effects of positive attitude and happiness on the employee's income, but none of them has estimated their indirect effects that it may have on their wages. Nevertheless, Mohanty (2009) has proved in a different context that when a person has positive attitude, just with that, his/her wage will be affected indirectly through its effects on his/her years of schooling.

Our common sense tell us that usually happy and satisfied workers are more productive at work. And since income is determined according to marginal productivities, those workers with good levels of satisfaction and happiness are likely to earn a higher salary than those who are unhappy or less happy than the first ones because they will be more productive than the second ones (Mohanty and Ullah, 2012).

The last paragraph argument can be used to explain the implication on the worker's wage rate determination. As we have been saying, happiness has a positive effect on the worker's wage (Graham et al., 2004) and, of course, a positive attitude may, indeed, have an effect on wage not only directly as it has been demonstrated by past researchers, but also indirectly through its positive effect on happiness. So, it has been demonstrated that positive attitude has a positive effect on wages since it helps enhancing happiness a lot, what means that the more positive attitude a person have, the happier he or she will be and the higher the wage.

3.7.1. But what does the experts think?

Until now, numerous psychologists and economist have been studying the positive relation that exists between income and happiness at work. There has been a controversy about this topic in the last two decades among economists on whether a high salary can buy happiness or not. Several researchers have been able to demonstrate that, in a cross-sectional framework, a worker's salary do have a positive effect on his/her satisfaction at work, which means that the higher the salary is, the more satisfied the employee will be at work. The relation has an effect which has been studied by authors such as Deaton (2008), Stevenson and Wolfers (2008), Guriev and Zhuravskaya (2009), Bolle et al. (2009) or Hasegawa and Ureda (2011). The main-stream economist used to focus mainly on the maximization of utility that a worker may derive by consuming goods and services based on his/her income. But now the situation has changed, thinking that such economic efforts may or not lead to an increase in personal happiness

There are some other studies in which have been found a reverse causation between the variables job satisfaction and wage (Iaffaldano and Muchinsky, 1985; Hermalin and Isen, 1999; Warr, 2003; or Mohanty, 2009). This means they claim that there is a relationship between happiness and income which proves that the worker's happiness indicated by the satisfaction with current life affects his or her earnings in a positive way. And what is more, a relevant study done by Graham et al. (2004) claims that "people with higher levels of happiness are more likely to increase their own income in the future". These studies allege that those employees who feel happier are usually more productive, what helps them to earn a higher salary than those who are unhappy. Nevertheless, several other

researchers claim the presence of a reverse causation between wage and happiness, even though this relationship is found to be weak, especially over the life cycle of an individual (Easterlin, 2001; Frey & Stutzer, 2002; Oswald, 1997).

In the early 70s two psychologists (Brickman & Campbell, 1971) and the other by an eminent economist (Easterlin, 1974), talked about this topic and claimed that an increase in a worker's income not necessarily will enhance his/her happiness. Sonja Lyubomirsky (2001, p. 239) succinctly summarizes happiness as a state of mind that "includes the experience of joy, contentment, or positive well-being, combined with a sense that one's life is good, meaningful, and worthwhile." Several economists in recent years have also started identifying happiness with a broader index of subjective well-being (Frank, 1997, 2005; Layard, 2005). All in all we could describe happiness as an enduring psychological feeling of being in a state of complacency. This is explained because there are many other variables that may affect an individual happiness, an individual level of happiness will be different for those who work in a family organization than the ones who work in a common one.

3.8. Positive attitude

With all this said in the above paragraphs it is pretty clear that there are many different variables that could affect happiness, which suggest that the covariates of happiness differ to a large extent between matured adults and young-adults. Even though most of the coefficients we have analysed before have different effects on the age-specific samples, there is one that stays really stable in all of them: the variable positive attitude.

The variable positive attitude always assumes a positive sign and is statistically significant at all conventional levels with all kind of individuals (teenagers, young-adults or matured adults). This variable also shows robustness to changes in estimation techniques, validating the theory that claims that an individual's personal happiness in fact is positively correlated with his or her positive attitude regardless of whether he or she is young or old (Scheier & Carver, 1993; Seligman, 1991). When everything else held constant, a person with a positive attitude is more likely to be happy in his or her life than a person who

doesn't have a positive attitude, no matter in which stage of life he or she is (happiness increases at a decreasing rate with the increase in income).

The only study in the literature known with an author who has estimated the happiness equation with attitude as an explanatory variable is Mohanty (2009). He was able to demonstrate that, in fact, positive attitude does influence happiness positively. In his study, Mohanty examined the effects of positive attitude on worker's wage and happiness.

However, numerous studies (Goldsmith et al., 1997; Groves, 2005; Mohanty, 2009a, 2010, 2012; Nyhus & Pons, 2005; Waddell, 2006) have already used attitude as a determinant of other economic variables (years of schooling, wage, employment and occupational success) and have actually proved how important positive attitude is, since it has a significant positive effects on income and employment. Since attitude is known to be related in a positive way to income and employment, it is reasonable to assume that positive attitude (by influencing income and employment directly) may affect happiness indirectly.

It is also important to take into account that positive attitude (while affecting happiness) may also be affected by happiness (DeNeve & Cooper, 1998; Lyubomirsky, 2001; McCrae & Costa, 1986; Stones & Kozma, 1986). Thus, positive attitude and happiness may be related in a simultaneous way.

It actually is an individual's positive attitude what determines his or her happiness more than any other factor, no matter if it is subjective or objective. Happiness is a psychological feeling that depends on many different events that happen in life and, consequently, it is impossible to explain it using just objective determinants. And what is more, positive attitude is such a powerful psychological characteristic that if you help an individual to perceive and react in a positive way to certain life events, may influence his/her happiness directly, no matter how bad the situation which they are exposed to is. This explains why this variable should never be underestimated.

The variable attitude is considered as an unobserved inner characteristic that may be observed only through an individual's reactions to different life events. A person who always have a positive attitude will see the brighter side of every situation and will not only

perceive and plan life circumstances in a positive way, but also will be able to see the positive part from negative events. People like that who is able to have such an outlook toward self and the world is more likely to face the adversities of life in a more balanced manner than some other person who usually view things negatively (so a person whose attitude is always positive therefore is likely to remain happier). In an easier way, an individual's happiness depends more on one's own attitude rather than on other external factors. This is explained because even in the presence of an environment with favorable factors such as a high income or the perfect couple, a person may feel miserable if that individual perceives life with a negative outlook. This fact suggests that it is the individual's attitude what really will determine his/her personal happiness.

And many famous psychologists (such as Mohanty, 2009; Folkman, 1997; etc) have already recognized positive attitude as a characteristic that happy people usually own. It is a common characteristic which can be found through happy individuals. In fact, they all agree that happiness is positively related with positive thinking. Also happiness is related with a person's personality, since it will influence the level of happiness that he or she can attain (but it is an innate characteristic which is not easily amenable to significant changes). However, some recent studies (Goldsmith, Veum, & Darity, 1997; Mohanty, 2009a; Nollen & Gaertner, 1991; Waddell, 2006), have already demonstrated that it can be changed with sustained and deliberate efforts (even though an individual's attitude does change over time due to changes in its covariates).

As we have seen before, the variable positive attitude emerges as a more dominant covariate of happiness than income. Happiness is obviously positively correlated not only with greater material well-being (that would be the income), but also with positive attitude and, consequently, any policy which would be designed to promote an individual's personal happiness is likely to be more effective if it includes plans for improving that person's attitude.

3.8.1. Importance of positive attitude

Positive attitude is globally understood as a personal characteristic which allows a person to see different situations in that person's life always from a positive angle, which helps the person see the positive side of every single situation and believe that no matter what is going to happen, it will work out well. Because of that, it is crucial that people develop and

manifest a positive attitude in order to bring some optimism into their life. Optimism is an external manifestation of one's internal positive attitude and, consequently, a person's happiness expressed externally could be attributed to a large extent to his/her inner positive attitude.

Positive attitude the most important variable because it is positively related with an individual's happiness and, if it is compared with other statistically important variables, we can see that it is the one with which have the biggest magnitude on his or her happiness. This makes us think that positive attitude is, in fact, a dominant factor that will affect the worker's happiness in a positive way. In other words, workers with positive attitude earn more because they are happier and happier workers earn more.

But why is positive attitude fundamental in an organization? It must exist a good predisposition with the employees, the managers and the organization itself. The effort and hard work of all these parts will help to achieve success not only for the organizations, but also the individuals working on them. If all the members work hard to reach its organizational goals, then the organization will evolve and advance.

In the study done by Madhu S. Mohanty and Aman Ullahb ("Direct and indirect effects of happiness on wage: A simultaneous equations approach"), it is shown how an individual's positive attitude may affect his or her income in a positive way, not only directly, but also indirectly through happiness. Those authors managed to prove and confirm through an equation that this variable affects wage in a direct way. Madhu S. Mohanty estimated happiness and positive attitude equations in a simultaneous equation structure and, with that, he was able to confirm that these two variables have relevant positive effects on each other and therefore the endogeneity of these two variables cannot be ignored arbitrarily without introducing simultaneous equations bias.

Image1: Wage equation using the workers happiness and positive attitude.

$$W_i = X_{1i}\beta_1 + \beta_2HAPPY_i + \beta_3POSITIVE_i + \varepsilon_i = X_i\beta + \varepsilon_i, \text{ if } EMP_i = 1; \quad = 0, \text{ if } EMP_i = 0, \quad (1)$$

$$EMP_i = 1, \text{ if } EMP_i^* > 0; \quad \text{and } = 0, \text{ if } EMP_i^* \leq 0, \quad (2)$$

$$EMP_i^* = Z_i\alpha + \eta_i, \quad (3)$$

$$HAPPY_i = 1, \text{ if } HAPPY_i^* > 0; \quad \text{and } = 0, \text{ if } HAPPY_i^* \leq 0, \quad (4)$$

$$HAPPY_i^* = Y_i\delta_1 + \delta_2POSITIVE_i + u_i. \quad (5)$$

Source: Mohanty, M. (2009). "Effects of positive attitude on happiness and wage: Evidence from the US data". Department of Economics and Statistics, California State University – Los Angeles.

3.8.2. Is positive attitude likely to be affected by the same variables that affects happiness?

As we previously said, positive attitude is an individual specific quality that is likely to vary from individual to individual while staying more or less stable over time with one same individual unless it is altered by systematic value education and counseling (Borghans, Duckworth, Heckman, & ter Weel, 2008; Mohanty, 2009; Sai Baba, 2007). And it is essential to have into account that the worker's attitude itself may also depend on numerous demographic, parental and family related characteristics. An example for that would be that more years of schooling or a good mother's education will affect in a positive way the worker's attitude (Mohanty, 2009). In addition, it's also important to know that positive attitude not only will influence the worker's happiness, but it may also be affected by his/her happiness in life. For example, it is quite reasonable to assume that a happier person has a positive attitude. The possibility of a simultaneous relationship between these two variables cannot therefore be ignored arbitrarily (Maddala, 1983).

Most of the variables that may have an effect on the worker's happiness may also affect his/her attitude as we already know. It is necessary to know that family size, number of children, full-time employment status and current enrollment may affect the worker's current level of happiness, but they are not so likely to affect the worker's attitude. Generally, parental education and also the occupation will probably have positive effects

on the worker's attitude (Taubman, 1976). However, these variables are unlikely to have an impact on the worker's satisfaction with current life.

We could sum what was said in the previous paragraphs up explaining that married workers, workers who own houses, workers enrolled in schools and also those with great intelligence are happier than those who do not possess any of these characteristics. And this is because those has a positive impact on their attitude. However, number of children have a negative effect on the worker's happiness and, as expected, the positive attitude assumes a statistically significant positive coefficient. This positive attitude will not only affect the worker's happiness in a positive way, but it will also act as one of the most important determinants of happiness.

3.8.3 Happiness effect on positive attitude.

Another important fact to have into account would be that positive attitude, although affecting happiness, might be as well affected by it at the same time and, consequently, there may exist a simultaneous relationship between the variables happiness and positive attitude. Positive attitude emerges as the clear winner over income as a covariate of personal happiness (Mohanty, 2009). This means that positive attitude, while affecting happiness, may be affected at the same time by happiness (DeNeve & Cooper, 1998; Lyubomirsky, 2001; McCrae & Costa, 1986; Stones & Kozma, 1986).

The happiness variable is an indicator of self-satisfaction or contentment and it is more closely related to the psychological variable positive attitude that influences an individual's perception of different life events than to other material factors, including income. However, this feeling cannot exist when an individual perceives different life events with a negative outlook that makes him or her unnecessarily miserable. Therefore, if a person changes his or her attitude from negative to positive, it is likely to change the perception of this individual who now sees the brighter sides of every single event and thus enjoys a higher level of happiness.

Positive attitude thus will act as a stimulus for increased happiness and, consequently, it should be treated as a determinant and not only as a covariate of happiness, especially among the matured adults. Interestingly, for these individuals there is evidence of a recursive relationship between happiness and positive attitude, which indicates the presence of a one-way casual relationship between these two variables. On the other hand, for young adults, the relationship that exists between these two variables is found to be simultaneous, what announces the presence of a strong positive correlation between happiness and positive attitude (Mohanty, 2009).

Then, in order to increase personal happiness of individuals, efforts should be made not only to increase their incomes, but also to improve their attitudes so they feel more positive.

There are some findings M.S Mohanty did that would be interesting to comment. First of all, they confirm that happiness and positive attitude do affect each other in a positive way and, consequently, failure to recognize this simultaneity between both variables may lead to biased estimations in case some other investigations including those two variables are done. Secondly, these results extend the conclusion when we said that positive attitude affects the worker's wage indirectly through its indirect effect on happiness. In the equation showed before and formulated by Mohanty (2009), it is shown that not only the sign but also the significance that HAPPYHAT has in the positive attitude equation along with the significance and the sign of Positive (positive attitude) in the wage equation further points out the worker's happiness will also influence his or her wage not only directly but also in an indirect way through its direct impact on positive attitude. With this has been proven the simultaneous relationship between both positive attitude and happiness.

3.9. Employee satisfaction

The employee satisfaction is another variable that could actually affect an individual's happiness level, since when an individual working in an organization has everything he or she may need and can participate in the daily activities, he or she will have a better mood and therefore his or her happiness will be high. Those theorists who have studied organizational behaviour have extensively researched the motivational aspects of work

attitudes such as job satisfaction, described as a multidimensional construct that is strongly influenced not only by an individual's mood, but also his or her disposition. In 1935, Hoppock was who initially conceived job satisfaction as the aggregate of dispositional and situational influences. But this definition has been changed through decades since each theorist has a different perception of the employee's satisfaction meaning. For example, it was defined as a person's cognitive appraisal of the working environment by Organ and Near back in 1985 or as a pleasurable or positive emotional state resulting from the appraisal of one's job or job experience by Locke in 1976. However, they all agreed concluding that when an individual feels satisfied at work, his or her level of happiness will be high. This is explained due to the fact that any person when, for example, is working in an environment where feels more relaxed or everything makes his or her life easier, he or she will feel more satisfied and, therefore, will also have higher happiness levels.

Job satisfaction can be treated as a utility function of a combination of income, work hours, and sets of individual and job-specific characteristics (Clark, 1996; Clark & Oswald, 1996). However, not only the wage is important to reach a good level of job satisfaction, there are also other nonpecuniary factors of jobs such as prestige, power and control, which also play an important role (Hoppock, 1935; Quinn et al., 1973). This is explained by several factors: they make the work more interesting, they have more autonomy, more flexibility...

Being fully satisfied at work will help to increase the worker's organizational commitment, which is the degree in which an employee feels identified with the organization and want to continue actively participating in it (identification with the company, its goals and objectives).

3.9.1. Intrinsic and extrinsic satisfaction

We could divide job satisfaction into two different elements: intrinsic and extrinsic. When we talk about intrinsic satisfaction we are referring to the internal stated which is associated with characteristics which are inherited in a job. The intrinsic job satisfaction has a significant genetic component (Arvey, Bouchard, Segal & Abraham, 1989) and is very stable (Staw & Ross, 1985; Staw, Bell & Clausen, 1986). In addition, it is related to

self-determination (Deci & Ryan, 1985; Tang, Tollison & Whiteside, 1987, 1989).. Some examples of intrinsic job satisfaction would be the challenges, the responsibility that a worker may have in the organization, the job complexity or the skills themselves. On the other hand, the extrinsic job satisfaction is the external state contingent upon aspects of job, including the conditions in which the employees have to work, the amount of hours of work, the security, the payment or the industrial relations.

So, in order to be a happy employee who feels satisfied at work, it is very important that those people who manage the organization take into account both kind of satisfaction. A person might feel partly satisfied if his or her intrinsic satisfaction is very high, but he or she might not feel completely happy because the extrinsic satisfaction is not fully developed in that organization. As we stated before, every organization should try to develop both the intrinsic and extrinsic satisfaction in every employee, even though the one which is more related to them is the extrinsic, since the employees should be the main ones who should try to develop their extrinsic satisfaction. However, there are many things that the organizations might do to help their employees to develop their intrinsic satisfaction such as courses, talks, group dynamics, ... Since the extrinsic satisfaction is so important in order to achieve a significant level of satisfaction at work, and therefore of happiness, the organizations will have to spend some time trying to improve things such as the conditions in which the employees work or give enough time to rest during the working hours. Both the intrinsic and the extrinsic job satisfaction are positively intercorrelated (Herzberg, Mausner and Snyderman 1959).

3.9.2. Job Characteristic – Job Satisfaction Relationship

In 2004, Thomas, Bubolts and Winkelspoecht confirmed the job characteristic - job satisfaction relationship. They claimed that there are several factors, such as skill variety, autonomy, task identity and task feedback, which were the most significant predictors of job satisfaction. However, these factors will vary on each individual because each of them have different characteristics (gender, age, occupation, organization or job type).

Dodd and Ganster (1996) also provided some evidence that some contextual factors (such as type of supervision, type of coworkers and satisfaction with pay) may have a certain effect on an individual's job satisfaction as well.

There are many workplace variables which could have a negative or positive effect on the determinants of job satisfaction. There are jobs of all kind, but those of them which are enriched and characterized by skill variety, task identity, task significance and particularly autonomy and feedback, led to increased job satisfaction and especially for those employees who really want to improve in what they do and desire to growth in the company and his or her personal life and achieve his or her objectives.

Back in 1959, Herzberg suggested that when an employee is empowered enough it is more likely that they give ideas and suggestions which could help the company to improve the workplace productivity, as opposed to requiring money and recognition, what has to do with leadership. So, it is possible to motivate the employees and make them more prone to give ideas and suggestions through intrinsic factors, such as a desire to overcome frustration at work and improve the organization success and personal satisfaction received from seeing the idea they gave implemented.

Then, we could say that both job characteristics and job design will have an impact on the level of satisfaction of employees, making it vary (Sims, Sziagyi and Keller 1976; Rabinowitz and Hall 1977; Parker et al. 2001; Crede, Chernyshenko, Stark, Dalal and Bashshur 2007; De Varo et al. 2007). Some variables such as skills variety, task identity, task feedback and linear function has a clear impact on job satisfaction. In 1991, Lambert showed us that there is evidence that those jobs who give a worker the chance to undertake a variety of tasks and engage in meaningful work actually promoted motivation and, therefore, his or her job satisfaction. In addition, some other researches done in 1995 (Taber and Alliger 1995) evidenced that in those jobs in which are characterized by skill variety and whose employees are the ones who choose the procedures, where there is a full feedback about what they do and also were absolutely involved in the work or service, there is a positive relation with job satisfaction.

So, we may conclude saying that an individual's happiness level might be affected by his or her satisfaction at work as well. In those organizations where the employees feel satisfied, in where they can talk with no fear, in where they can make suggestions ore ven they have enough power to make their own decisions, which could have a significant

impact on the company or not (decisions which are not really that important but they still make an employee feel good because the firm trusts him or her). In general, in a job with good characteristics and well designed. Because of that it is important that firms give the workers a chance to be doing something that real makes them feel more motivated, what will have an impact on their happiness levels.

3.10. Other variables: Behaviour, family income/education and policies.

Nevertheless, there are other important variables that affects the employee's happiness:

- And also if a worker's personality variables are somehow rewarded in their job, the worker-trainings programs the businesses establish will be more successful if they educate and prepare them with behavioral and social characteristics that may improve occupational success. And of course, educational centers might as well increase students' opportunities for high wage jobs if they concentrate not only on cognitive, but also behavioral skills.

- When an individual have a well familiar economy it is easier to promote happiness. It is important for a person to have a good education as well as having good behavioral skills so a person could potentially get a job and thus be happy thanks to the earnings that job would provide the worker. Positive attitude is affected positively by the worker's own education as well as the education of his/her parents. Mohanty (2009) also claimed that men are more likely to have a positive attitude than females, whereas white people are less likely to be positive than the non-white people.

Table 1. Two stage probit estimates of happiness and positive attitude equations.

Table 3
Two-stage probit estimates of happiness and positive attitude equations.

Variable	Happiness		Positive attitude	
	Coefficient	t-ratio	Coefficient	t-ratio
Constant	1.9559	1.203	-0.6993	0.401
POSTVHAT	0.6077**	3.964	-	-
HAPPYHAT	-	-	0.5137**	2.122
YEARSCHL	0.0104	0.943	0.0347**	2.630
AFQT	0.0014**	2.120	0.0006	0.719
AGE	-0.1918	1.513	0.0123	0.086
AGESQ	0.0036	1.471	-0.0002	0.087
MARRIED	0.0650**	2.149	-0.0367	1.304
MALE	-0.0502	1.400	0.1390**	4.661
WHITE	0.0234	0.440	-0.2126**	4.646
CENTCITY	-0.0545	1.361	0.1383**	4.135
SMSBALNS	0.0239	0.684	0.0342	0.907
FULLTIME	0.0442	1.472	-	-
HLTHPROB	-0.0749	1.031	0.0067	0.087
ENROLL	0.1219**	2.446	-	-
FAMINC	0.0003	0.382	0.0016**	2.081
POVERTY	0.0254	0.586	-0.0466	1.084
FAMSIZE	0.0027	0.275	-	-
CHILDNUM	-0.0326*	1.851	-	-
OWNHOUSE	0.0676**	2.230	-0.0187	0.527
RELGWEEK	-0.0007	0.028	0.0179	0.679
INTACT	0.0154	0.532	-0.0884**	3.172
MOTHGRAD	-	-	0.0100*	1.800
FATHGRAD	-	-	0.0061*	1.710
FATHMANG	-	-	-0.0592	1.480
FATHSALE	-	-	0.0181	0.298
FATHCRFT	-	-	0.0143	0.372
FATHOPRT	-	-	-0.0257	0.604
FATHSERV	-	-	0.1163*	1.923
Sample size	7417		7417	
Log likelihood	-4597.657		-4886.409	
Chi-squared (df)	236.5387 (20)		382.3698 (23)	

* Variables are significant at 10% levels.

** Variables are significant at 5% levels.

Source: Mohanty, M. (2009). "Effects of positive attitude on happiness and wage: Evidence from the US data". Department of Economics and Statistics, California State University – Los Angeles.

CONCLUSION

The main purpose of this study was to deepen our understanding of what variables have a bigger effect on an individual's satisfaction and happiness levels. First of all we have seen what happiness is and why having a positive attitude is so important for a worker in an organization (Mohanty, 2009), as well as the types of organizations in which is easier to have a positive attitude and feel happy. The main and most important reason why every employee should feel happy in an organization would be the productivity that derives from it. For that, it would be essential to maintain a good and stress-free work environment, where employees may talk and give their opinion. But there are many different organizations around the world, and not all of them take care of their employees in the same way. Some are family organizations, where all the individuals working in there are as a big family, and others act like their workers are workforce, where they are compensate through higher wages.

Then, we started analyzing all those variables who have a bigger impact on happiness and laboral satisfaction. In fact, there are hundreds of variables that may actually affect an individual's level of happiness and satisfaction as we have seen so far. However, the impact of these is not the same. For example, an individual happiness level would decline with the rise in age and with an increase in the number of children, but it would increase with marriage, house ownership and current school enrollment. More years of schooling and full-time employment status (Frey & Stutzer, 2002) also contribute to the worker's happiness and satisfaction levels positively. Furthermore, Oswald (1997) proved that, usually, females are found to be happier than males, even though in most cases males have a more positive attitude.

Once we studied one by one which are the most representative ones, we noticed that the most important ones are both income and attitude (considered as happiness' covariates), since their effect is much bigger. Those variables in most cases have an even bigger effect on matured adults and older young-adults than on young people. With this, we already know that a person's individual happiness and satisfaction will be clearly related in a positive way not only with the material well-being, but also with the psychological attitude. But not both of them have the same impact on a worker's level of satisfaction and

happiness, since the marginal effects of attitude are significantly larger the marginal effects of income on the workers (Easterlin, 2001; Oswald, 1997). Nevertheless, income is strongly correlated with the happiness of adults, whereas attitude is correlated with all the individuals, no matter in what age rate they are (teenagers, young-adults or matured adults). The magnitudes of the effect on happiness of both income and positive attitude are quite noteworthy, since the marginal effects of these two variables on the probability of feeling satisfied and happy confirm that positive attitude has a way larger effect on an individual's happiness than income. However, the effect of them will vary depending on who affects since, for example, a raise in income will have a bigger effect on matured adult's happiness than on young-adults. Then, we could state that positive attitude will maintain a stronger positive relationship than income with personal happiness and satisfaction in most cases (Mohanty, 2009).

Of course, the employee's satisfaction will dramatically affects the employee's happiness as well. There are many different factors, such as an individual's autonomy or skills that affects directly their satisfaction, as well as the way that the organizations act. For example some organizations may consider giving some decision power for their employees and others wouldn't. This would affect their satisfaction directly and, as a consequence, also the happiness due to the motivation to work.

Finally, we could state that once we have compared all the most relevant variables that are clearly correlated somehow with a worker's personal happiness, the one which shows the biggest correlation with happiness would be the positive attitude. What means that those individuals who have a positive attitude, will also feel happy more easily, what could have a positive effect on their production and, then, also affect positively the organization where they work while feeling satisfied at work.

Nonetheless, and as we said previously, there are many other factors that affects employee's happiness, thousands of them. Something as simple as the traffic in the morning could have a negative effect on the worker, making him or her feel unhappy since the very first minute he or she started working.

I found some limitations such as the lack of updated studies done by graduated professionals in the past two years, the numeros studies done for one specific business

and not done with a general overview. In many cases I found incomplete and outdated data banks about companies working to increase their employee's happiness.

All the information provides until now could also be very useful for further investigations in the future. For example:

1. It could be used in a firm in order to investigate which are the causes why their employees show an unhappy attitude, what variables have an effect on them and what might they do if they want to improve the situation.
2. It would be interesting to perform a comparative study on the happiness of workers in enterprises of our own country with the equivalent in other countries from the EU.
3. To investigate the relationships established between the company executives and their employees regarding to the development of happiness.
4. To investigate the importance of happiness in Spanish companies for the proper functioning of these organizations.
5. Developing a "Strategic Plan" to improve happiness at work considering the results and conclusions provided in this study.
6. Conducting a study about the collaboration between organizations to improve the current level of happiness.
7. The role of companies as facilitating organizations of learning processes and their implications for labor skills.
8. Conducting an assessment of the effectiveness of the practices that organizations are currently using in order to increase their employees happiness.

4. REFERENCES

Ahuvia, A. (2008). If money doesn't make us happy, why do we act as if it does? *Journal of Economic Psychology*, 29, 491–507.

Becker, G., (1993). *Human Capital: A Theoretical and Empirical Analysis with Special Reference to Education*, third ed. The University of Chicago Press, Chicago/London.

Barber, M, Whelan, F & Clark, M, (2010). *Capturing the leadership premium: How the world's top school systems are building leadership capacity for the future*, McKinsey & Company.

Behrman, J., Taubman, P., (1989). Is schooling mostly in the genes? Nature–nurture decomposition using data on relatives. *Journal of Political Economy* 97, 1425–1446.

Bentham, J. (1789). *Principles of morals and Legislation*. Oxford, U.K.: Clarendon.

Boggess, S., (1998). Family structure, economic status, and educational attainment. *Journal of Population Economics* 11, 205–222.

Borghans, L., Duckworth, A. L., Heckman, J. J., & Weel, B. (2008). The economics and psychology of personality traits. *Journal of Human Resources*, 43, 972–1059. doi:10.1353/jhr.2008.0017

Block, J.H. (2011). How to pay non-family managers in large family firms: A principal-agent model. *Family Business Review*, 20(1), 9–27.

Blood, M. R. (1969). Work values and job satisfaction. *Journal of Applied Psychology*, 53, 456-459.

Brown, C., Medoff, J., (1989). The employer size wage effect. *Journal of Political Economy* 97 (October), 1027–1059.

Card, D. (1999). The causal effect of education on earnings. In: Ashenfelter, O., Card, D. (Eds.), *Handbook of Labor Economics*, IIIA. North Holland, pp. 1801–1863.

Cheloha, R. S., & Farr, J. L. (1980). Absenteeism, job involvement and job satisfaction in an organizational setting. *Journal of Applied Psychology*, 65, 467–473.

Choo, S., and Bowley, C. (2007), 'Using Training and Development to Affect Job Satisfaction Within Franchising,' *Journal of Small Business and Enterprise Development*, 14, 2, 339– 352.

Clark, A., Oswald, A., and Warr, B. (1996), 'Is Job Satisfaction U-shaped in Age?' *Journal of Occupational and Organizational Psychology*, 69, 1, 57 – 81.

Deaton, A. (2008). Income, health, and well-being around the world: Evidence from the Gallup World Poll. *Journal of Economic Perspectives*, 22, 53–72.

Diener, E. (1984). Subjective well-being. *Psychological Bulletin*, 95, 542–575.

Diener, E., Horwitz, J., & Emmons, R. A. (1985). Happiness of the very wealthy. *Social Indicators Research*, 16, 263–274.

Diener, E., & Seligman, M. (2004). Beyond money: Toward an economy of well-being. *Psychological Science in the Public Interest*, 5, 1–31.

Easterlin, R. A. (1974). Does economic growth improve the human lot? Some empirical evidence. In P. A. David & M. W. Reder (Eds.), *Nations and households in economic growth: Essays in honor of Moses Abramovitz* (pp. 89 –125). New York, NY: Academic Press.

Easterlin, R.A., (1995). Will raising the incomes of all increase the happiness of all. *Journal of Economic Behavior and Organization* 27, 35–48.

Easterlin, R.A., (2001). Income and happiness: towards a unified theory. *Economic Journal* 111 (July), 465–484.

Ermisch, J., Francesconi, M., (2001). Family matters: impact of family background on educational attainments. *Economica* 68, 137–156.

Frey, B.S., Stutzer, A., 2002. What can economists learn from happiness research? *Journal of Economic Literature* XL (June), 402–435.

Graham, C., Eggers, A., Sukhtankar, S., (2004). Does happiness pay? An exploration based on panel data from Russia. *Journal of Economic Behavior and Organization* 55, 319–342.

Gerdtham, U.-G., Johannesson, M., 2001. The relationship between happiness, health, and socio-economic factors: results based on Swedish microdata. *Journal of Socio-Economics* 30, 553–557.

Goldsmith, A. H., Veum, J. R., & Darity, W., Jr. (1997). The impact of psychological capital on wages. *Economic Inquiry*, 35, 815– 829. doi: 10.1111/j.1465-7295.1997.tb01966.x

Habbershon, T.G. & Williams, M.L. (1999). A resource-based framework for assessing the strategic advantages of family firms. *Family Business Review*, 12(1), 1–25.

Hermalin, B.E., Isen, A.M., 1999. The Effect of Affect on Economic and Strategic Decision-Making. Mimeo, University of California, Berkley.

Herzberg, F., Mausner, B., and Snyderman, B. (1959), *The Motivation to Work*, New York: Wiley. Hom,

Hoppock, R. (1935), *Job Satisfaction*, New York: Harper.

Iaffaldano, M.T., Muchinsky, P.M., 1985. Job satisfaction and job performance: a meta-analysis. *Psychological Bulletin* 97 (March), 251–273.

Klein, S.B., Astrachan, J.H., & Smyrnios, K.X. (2005). The F-PEC scale of family influence: Construction, validation and further implication for theory. *Entrepreneurship Theory and Practice*, 29(3), 321–339.

Lambert, S.J. (1991), 'The Combined Effects of Job and Family Characteristics on the Job Satisfaction, Job Involvement, and Intrinsic Motivation of Men and Women Workers,' *Journal of Organizational Behaviour*, 12, 4, 341– 363.

Memili, E., Eddleston, K.A., Zellweger, T.M., Kellermanns, F.W., & Barnett, T. (2010). The importance of looking toward the future and building on the past: Entrepreneurial risk taking and image in family firms.

Mohanty, M. S. (2000). An alternative explanation for positive black-white wage unemployment rate differentials in the United States. *Journal of Quantitative Economics*, 16, 71–91.

Mohanty, M.S., (2009a). Effects of positive attitude on happiness and wage: evidence from the US data. *Journal of Economic Psychology* 30, 884–897.

Mohanty, M.S., (2009b). Effects of positive attitude on earnings: evidence from the US longitudinal data. *Journal of Socio-Economics* 38 (February), 357–371.

Mohanty, M. S. (2010). Effects of positive attitude and optimism on employment: Evidence from the US data. *The Journal of Socio-Economics*, 39, 258 –270.

Mohanty, M. S. (2012). Effects of positive attitude and optimism on wage and employment: A double selection approach. *The Journal of Socio-Economics*, 41, 304 –316.

Mohanty, M.S., Ullah, A., (2012). Why does growing up in an intact family during childhood lead to higher earnings during adulthood in the United States? *American Journal of Economics and Sociology*, forthcoming.

Mohanty, M. S. (2013). What determines attitude improvements? Does religiosity help? *International Journal of Business and Social Science*, 4, 37– 64.

- Myers, D. G., & Diener, E. (1995). Who is happy? *Psychological Science*, 6, 10 –19.
- Nollen, S. D., & Gaertner, K. N. (1991). Effects of skill and attitudes on employee performance and earnings. *Industrial Relations*, 30, 435–455.
- Oswald, A.J., (1997). Happiness and economic performance. *Economic Journal* 107 (November), 1815–1831.
- Painter, G., Levine, D., (2000). Family structure and youths' outcomes: which correlations are causal? *Journal of Human Resources* 35 (Summer), 524–550.
- Peiro, A., 2006. Happiness, satisfaction and socio-economic conditions: some international evidence. *Journal of Socio-Economics* 35 (April), 348–365.
- Poza, E.J., Alfred, T., & Maheshwari, A. (1997). Stakeholder perceptions of culture and management practices in family and family firms—A preliminary report. *Family Business Review*, 10(2), 135–155.
- Quinn, R.P., Cammann, C.C., Gupta, N., & Beehr, T.A. (1973). Effectiveness in work roles. Final report to the Manpower Administration, U.S. Department of Labor (April).
- Sai Baba, S. (2007). Global overview of Sri Sathya Sai Education. Arcadia, USA: Sri Sathya Sai World Foundation.
- Scheier, M. F., & Carver, C. S. (1993). On the power of positive thinking: The benefits of being optimistic. *Current Directions in Psychological Science*, 2, 26 –30. doi:10.1111/1467-8721.ep10770572
- Seligman, M. E. P. (1991). *Learned optimism*. New York, NY: Knopf.
- Seligman, M., (2003). *Authentic Happiness*, Barcelona, 7-36

Stevenson, B., Wolfers, J., (2008). Economic growth and subjective well-being: reassessing the Easterlin paradox. *Brookings Papers on Economic Activity* (1), 1–87.

Stones, M. J., & Kozma, A. (1986). Happy are they who are happy: A test between two causal models of happiness and its correlates. *Experimental Aging Research*, 12, 23–29.

Stutzer, A., (2004). The role of income aspirations in individual happiness. *Journal of Economic Behavior and Organization* 54, 89–109.

Taubman, P., (1976). Earnings, education, genetics, and environment. *Journal of Human Resources* 11 (Fall), 447–461.

Taubman, P. (1976). Earnings, education, genetics, and environment. *Journal of Human Resources*, 11, 447–461.

Warr, P. (2003). Well-being and the workplace. In N. Kahneman, E. Diener, & R. Schwarz (Eds.), *Well-being: The foundation of hedonic psychology*. Russell Sage Foundation.