

A Happiness-Based View of the Firm

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Abstract

Purpose : There are many dangers, difficulties, and failures in the rapidly evolving business environment, which makes it imperative for companies to find innovative ways to conduct business.

Design/Methodology/Approach : This conceptual and perspective paper used a primarily deductive approach and some inductive approach.

Findings : Companies may confront new risks and difficulties and take advantage of opportunities by adopting a happiness-based vision of the company. A strategy based on happiness generates a long-term competitive advantage and has a favorable impact on the overall performance of the company as well as several functional areas. This viewpoint combines company and individual objectives. Sustainability follows happiness. A firm with a happiness-based perspective fosters success, sustainability, and happiness as mutually reinforcing objectives that benefit the individual, the business, the environment, and society as a whole.

Practical Implications : This work has implications for governments, civil society, practitioners, and academicians. For governments, it created a new way to look at government policy to encourage a happiness-based view and create a win-win for individuals, firms, the environment, and society overall. It provided environmentalists and members of civil society with a fresh avenue for advocating for the preservation of the environment. Owners and professionals could view the company in a different light, and practitioners could address issues with business and strategy failure. It also provided researchers with an additional topic to explore.

Originality/Value : This work suggested a new way to view a firm which created value for governments, civil society, business professionals, and academicians.

Keywords : happiness-based view of firm, happiness, strategy, happiness strategy, performance, sustainability, prosperity

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The world is experiencing hyper-VUCA (volatile, uncertain, complex, and ambiguous) times post-COVID-19, and business is no exception. It is estimated that around “half a million firms are at risk of collapse” (Cook & Barrett, 2020). This has led to severe economic hardship and will probably have long-term effects on the world economy (Amankwah-Amoah et al., 2021). Numerous hazards are presented in the World Economic Forum's yearly Global Risk Report. The Global Risks Report 2023 warned of a future that will not bounce back fast from repeated shocks. The world faces two grave challenges in 2024: violence and climate change (Zahidi, 2024). Geopolitics issues impact more industries than ever, sustainability considerations need to drive strategy, and digital transformation has disrupted traditional business models, the three global strategic challenges facing strategy today (Monteiro, 2023).

A company's operating environment bears similarities to the scientific concept of entropy. The environment is becoming more and more random, which makes being in top management thrilling and difficult. This increases the pressure on businesses to strive to meet the obstacles and take advantage of the opportunities in order to survive

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and grow. Approximately 90% of methods fail, meaning that the strategy has a significant failure rate (Bradley et al., 2018). In these situations, businesses need to constantly look for new and improved ways to take advantage of opportunities and manage risks. A happy-based perspective of the company could be a useful tool to help it meet obstacles and take advantage of possibilities, as well as a way to address the aforementioned problem and advance the management field and strategy. The firm's happiness-based perspective is defended in this conceptual paper.

Impact of Happiness on Firm Performance Across the Firm and on Competitive Advantage

There is ample proof of happiness's beneficial effects on the entire company. Happiness affects how well the business performs overall and in different functional areas. A company's strategy, operations, marketing, finance, human resource management, and other functional areas can all benefit from using happiness as a positive input.

An organization's performance can be improved by considering happiness. Numerous studies demonstrate how pleasure improves performance (Bellet et al., 2020; Cropanzano & Wright, 2001; Thompson & Bruk-Lee, 2021; Hosie et al., 2012; McKee, 2014; Oswald et al., 2015; Weimann et al., 2016). Hersey (1932) was the first to demonstrate a clear correlation between emotional state and workplace productivity (Pillania, 2021a; Weiss & Cropanzano, 1996). The happy-productive worker thesis has its historical roots in the well-known Hawthorne investigations (Hosie et al., 2012).

Impact of Happiness Across a Firm

Happiness and Marketing Management

Contentment is a vital component of the marketing field. Businesses ought to aim to create customer pleasure through their goods, not just ensure that customers are satisfied. Numerous factors, including consumer satisfaction, brand loyalty, mass prestige, commerce, and so forth, can contribute to pleasure and enhance the effectiveness of the marketing function (Li & Atkinson, 2020; Mansoor & Paul, 2022; Pillania, 2021b; Robertson et al., 2020).

Happiness and Operations Management

In various aspects of operations, including productivity, creative performance, sustainable production, and others, happiness can be a valuable input (Bellet et al., 2024; Khan & Abbas, 2022; Ravina-Ripoll et al., 2021a).

Happiness and Human Resources Management

Happiness has emerged as an important part of human resource management, and happiness contributes in several ways, such as benefits, high performance, and leadership (Alameeri et al., 2021; Guerci et al., 2022; Pillania, 2001c; Ravina-Ripoll et al., 2021b; Salas-Vallina et al., 2021; Thompson & Bruk-Lee, 2021).

Happiness and Financial Management

According to Gilbert (2012), Layard (2011), and Pillania (2021a), happiness can be quantified. The measurement of happiness has advanced significantly (Pillania, 2021a). Aspects of financial management that are influenced by happiness include investor feelings toward the cryptocurrency market, investor relationships for financial

connectivity, investor happiness in volatility management, and so forth (Bouri et al., 2021; Bouri et al., 2022; Naeem et al., 2021).

Happiness and Corporate Social Responsibility Management

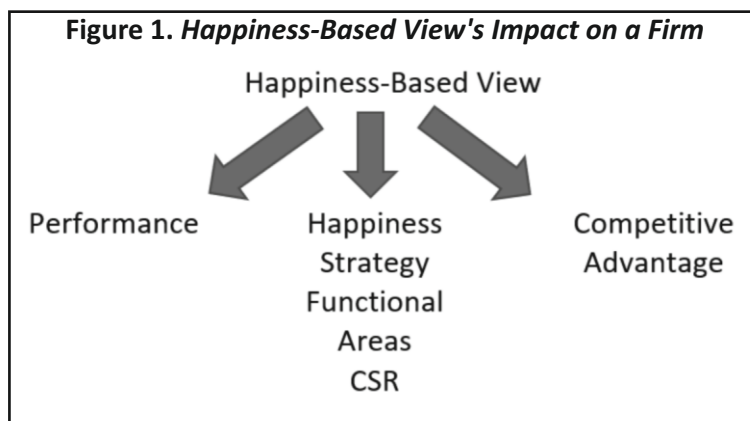
According to Espasandín-Bustelo et al. (2021), Hernández et al. (2020), and Kıymalıoğlu & Özbük (2024), happiness can be a result of corporate social responsibility. Good corporate citizenship for the company can be cultivated through happiness.

Happiness and Strategy

A fresh perspective on strategy is the happiness strategy. Happiness strategy takes a strategic approach to the concept of happiness. Happiness encompasses all aspects of the company's operations, including vision statements, strategy documents, business plans, and functional plans that improve the performance of the company. The happiness strategy is examined not just within the firm but also in relation to external partners and stakeholders, including suppliers, customers, the environment, and society at large (Pillania, 2024, 2020). It should not be mistaken for the restricted application of happiness in human resource management. Happiness, as it relates to human resource management, is but one little component of the happiness strategy, which is a much larger and more all-encompassing idea.

Happiness Creates a Sustainable Competitive Advantage

Happiness affects the firm functional areas and at the strategy level, as demonstrated by the above discussion and Figure 1. This kind of advantage is distributed throughout the organization and is challenging to replicate, meaning that happiness gives a company a sustainable competitive edge.



Numerous studies conducted in a variety of fields demonstrate how important happiness has become for people, businesses, and society as a whole. As was previously mentioned, contentment affects strategy, functional areas, and business performance, resulting in a long-term competitive advantage.

Philosophical Support and Potential Synergies for the Happiness-based View of a Firm

There is an inherent contradiction between individual goals and firm goals. The ultimate goal of the individual is to

find happiness in life, but it does not find a place in the traditional goals of a firm. Consequently, there is a built-in contradiction. This could be one of the primary causes of businesses' and strategies' failure. The individual's objective of happiness and the firm's goal would become philosophically and practically aligned if happiness were included in the goal of the organization. Society as a whole would gain from this since it would create synergies and improve individual and company performance and satisfaction.

Achieving Environmental Sustainability with a Happiness-based View

A happiness-based perspective of a company might help organizations solve one urgent need: integrating sustainability into their larger picture. Numerous studies back up the notion that investing in happiness promotes sustainability and that happiness itself is a prerequisite for sustainability.

According to research, sustainability can result from happiness (Bartolini, 2014; Barrington-Leigh, 2016; Brooks, 2013; Cloutier & Pfeiffer, 2015; O'Brien, 2008). There is a lot of unrealized potential for positive psychology and happiness studies to support sustainability (O'Brien, 2008). The happiest societies foster dignity for all through robust investment in public goods and a holistic approach to education. This converging body of research indicates that well-being and ecological sustainability, goals sometimes viewed as contradictory, are complementary (Barrington-Leigh, 2016). The goal of ecological sustainability and human well-being may be beneficial to one another because pro-social conduct and thought are inherently linked to a greater emphasis on well-being, which makes it easier to address problems facing the whole community. This dynamic facilitates the avoidance and mitigation of environmental issues. The best environmental regulations are typically found in nations with the highest levels of social trust. This is valid even when it comes to safeguarding resources outside of their boundaries, as people who have faith in their neighbors also typically have a greater capacity for empathy (Barrington-Leigh, 2016).

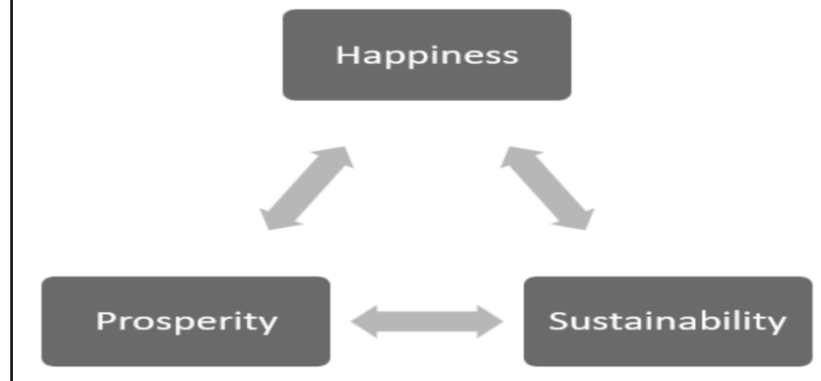
Happiness is the path to community growth, which is a component of sustainability. An alternate goal for long-term community development is happiness. The main advantage of a happiness-centric strategy is that all of its elements concentrate on achieving a single objective—improving happiness at the community level—while working toward a sustainable future. This goal may be easier to achieve than social equity, environmental protection, economic development or cultural competency, as it may be easier for a wider population segment to understand and engage with the goal (Cloutier & Pfeiffer, 2015).

Happiness-based View of a Firm : For Comprehensive Happiness, Sustainability, and Prosperity Approach

The previous sections of this paper have discussed and shown that a happiness-based view of a firm positively impacts performance and sustainability. Thus, a happiness-based view of a firm can address its three major goals: performance, sustainability, and happiness. According to research, happiness is also supported by sustainability (Florida, 2009; Papachristou & Rosas-Casals, 2019). Performance and profits—let's call them prosperity—are necessary for the operation of a company and can also be utilized to fund a firm's sustainability initiatives and employee satisfaction.

Thus, performance and profits, i.e., prosperity, happiness, and sustainability, are mutually reinforcing goals, as shown in Figure 2, that lead to better results for the individual, firm, and environment, creating a win-win position for all parties. The time has come for firms to start working on these three together with a happiness-based view of the firm, i.e., creating a new tripod for the firm that consists of prosperity, sustainability, and happiness.

Figure 2. Happiness-Based View of the Firm for Creating a Comprehensive Happiness–Prosperity–Sustainability Approach



Conclusion, Implications, Drawbacks, and Directions for Future Research

The business environment is full of risks and problems in the rapidly evolving VUCA times following COVID-19, which makes it necessary and urgent for businesses to search for fresh ways to conduct business. An effective strategy for businesses to handle new risks and difficulties and take advantage of chances to forge a long-term competitive edge is to adopt a happiness-based perspective of the company. A happiness strategy generates a long-term competitive advantage and has a favorable impact on the overall performance of the company as well as several functional areas. This view also brings together individual and firm goals. Happiness also leads to sustainability. A happiness-based view of the firm creates mutually reinforcing goals of prosperity, sustainability, and happiness, leading to a win-win for the individual, the firm, and the environment. It is now necessary for businesses to begin addressing these three jointly with an emphasis on employee happiness.

This work has implications for governments, civil society, practitioners, and academicians. For governments, it creates a new way to look at government policy to encourage a happiness-based view and create a win-win for individuals, firms, the environment, and society overall. For civil society and environmental activists, it opens a new way to campaign for protecting the environment and the earth. It provides a fresh perspective on the company for professionals and business owners, enabling them to address issues with strategy and business failure. This study offers a new angle on company environmental protection and the opportunity to build on it to develop a new theory, which will be of interest to academics and researchers. This conceptual paper needs more proof and effective case studies to back up the happiness-based view of the company that it presents. The future path of research may involve gathering additional evidence and case studies that support this perspective.

Author's Contribution

Dr. Rajesh K. Pillania has undertaken this unique and pioneering work, suggesting a new way to view a firm, a happiness-based view. A happiness-based perspective of the company appears to be a useful strategy for helping businesses take advantage of chances to forge a long-term competitive advantage while addressing new risks and obstacles. A happiness strategy generates a long-term competitive advantage and has a favorable impact on the overall performance of the company as well as several functional areas. This perspective also integrates company and individual objectives. Sustainability is likewise a result of happiness. A firm with a happiness-based perspective fosters profitability, sustainability, and happiness as mutually reinforcing objectives that benefit the environment, the company, and the individual. The moment has come for businesses to begin addressing these

three jointly while maintaining a happiness-based perspective on the business. Governments, civil society, environmentalists, company owners, professionals, and academics should all take note of this study.

Conflict of Interest

The author certifies that he has no affiliations with or involvement in any organization or entity with any financial interest or non-financial interest in the subject matter or materials discussed in this manuscript.

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