

BALANCE

HAPPINESS IN BUSINESS

Creating happy workplaces should be a key focus for businesses given the link between workplace satisfaction and productivity, and between consumption and wellbeing. The latest NAB Quarterly Wellbeing Index and Consumer Anxiety Index includes some intriguing data for businesses considering how to improve staff engagement and customer satisfaction.

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Understanding what makes Australians tick – particularly what makes them happy and improves their wellbeing – is an important consideration for businesses as well as individuals. “Understanding people should be at the heart of any business,” says Dean Pearson, Head of Industry Analysis at NAB.

The NAB Quarterly Wellbeing Index, along with the Consumer Anxiety Index, demonstrates just what state we’re all in. The Wellbeing Index is a broad, subjective measure of quality of life – not just economic output. The Consumer Anxiety Index is more focused on money – that is, people’s concerns about being able to meet their basic needs.

“As a business, NAB wanted to better understand its own clients, and to get as close to people as possible and to mirror back how they’re feeling. This helps the bank realise its customers’ business goals,” says Pearson.

The indices also represent an important tool for other businesses. They provide important insights into people’s behaviour, helping to explain their underlying emotional state and motives.

“It helps businesses get to know what people value and to find some rationale about why they’re acting the way they are,” says Pearson. “It’s then that they can better respond to them – whether they’re a consumer, employee or anyone for that matter. The real danger is expecting people or customers to behave a certain way because of the state of the economy. People don’t have



to be ‘rational’, at least not in the way an economist might expect them to.”

Certainly the figures support this, with some interesting findings. They show that despite relative modest overall price growth in recent years, people are very concerned about the rising cost of living. And consumers are very clear about which costs most concern them. People aren’t particularly worried about the cost of their annual trip to Bali or a meal at their favourite restaurant, rather they’re worried about the things they don’t have control over – particularly utility bills, housing, transport and education costs, which have been rising quite quickly. Generally, Australians are still spending, but they increasingly value services over goods.

MONEY MATTERS

The collated data provides important insights into the link between wellbeing, relationships and economics. The trick is to break down the information into quartiles, explains Pearson, rather than simply looking at aggregates.

Following this approach, the Wellbeing Index reveals those with the very highest levels of wellbeing are at the high-income end of the spectrum. While people with the lowest sense of wellbeing overwhelmingly fit within the \$50,000 to \$75,000 income bracket.

The index also shows those with the highest sense of wellbeing value personal relationships, their mental wellbeing, the environment and work-life balance above other considerations. For people with a very low sense of wellbeing, the critical issues that detract from their wellbeing are financial security, followed by mental wellbeing and physical health.

“Essentially, if you’re struggling and don’t have enough money, that’s the greatest reason for low wellbeing,” says Pearson. “All the wellbeing research tells us that while money doesn’t buy happiness, money is important when you don’t have enough.”

The latest findings, published in March 2014, show 35 percent of Australians are feeling highly anxious at the moment. It also shows that women are worrying more than men and people on low incomes are

WORKPLACE WELLBEING

In the age of Facebook, many people may boast upwards of 100 or even 200 friends. That’s not really possible, says Dr Timothy Sharp, Chief Happiness Officer at The Happiness Institute. Or at least it’s extremely rare.

“Social psychology research shows that five or six good friends are more than enough.”

Similarly, in the workplace, the ideal work group is comprised of six to eight people and it’s these smaller groups that govern a person’s sense of wellbeing.

Admittedly, the overall culture of an organisation is important. But once a business creeps over the 50-person mark, says Sharp, it holds less relevance – as does the owner or founder of that business. Rather it’s a person’s immediate manager who becomes most vital to a sense of wellbeing.

“Never ignore, or take for granted,

those middle managers. They’re going to drive your culture, your workplace ambience and be the key players in the engagement and retention of your people,” says Sharp.

Ultimately, a person will leave a manager, not an organisation. “While money can obviously play a role, one of the most commonly cited reasons for leaving is feeling underappreciated by their manager. They aren’t being told they’re doing a good job.”

It’s not that people ignore money altogether. Certainly it impacts on their wellbeing. Yet, maintaining a person’s happiness doesn’t necessitate excessive amounts of money, says Sharp. “Ultimately they want what’s fair and reasonable.”

Also imperative to a person’s sense of wellbeing in the workplace is the opportunity for growth and progression.

Clear expectations are critical too – knowing what’s expected and then having access to resources to do that.

Adds Sharp: “One of the biggest stresses in the workplace is unrealistic or uncertain expectations and the impossibility of meeting them due to a lack of resources, whether that’s people, money or tools.”

Meeting the emotional needs of your employees can be one of the great growing pains of a small business.

“As the business gets bigger, owners need to understand it’s increasingly a people business,” says Sharp. “It’s not just about manufacturing widgets or even providing whatever service you do. That’s the conundrum for small business owners. The technical abilities that got you into the business in the first place become less and less relevant. Instead it becomes all about managing people.”

disproportionately prone to anxiety. However, the level of anxiety in the population – which has risen every quarter since 2013 – extends beyond such categories.

“With more than one-third experiencing high anxiety, that’s very broad-based,” says Pearson. “Even more concerning, one in 10 Australians still rate their life’s worth as ‘very low.’”

When the index first came out, Australia’s wellbeing score was lower than a comparative index in the UK, despite our 23 years of uninterrupted economic growth – an intriguing result which suggests a sense of wellbeing is not necessarily linked to the state of the economy, and rather an individual’s perception of their own personal circumstances.

HUMAN NATURE

NAB’s Wellbeing and Consumer Anxiety indices are in line with international developments. There’s an increasing

tendency among international bodies to give consideration to human capital and environmental capital, says Pearson. This recognises that economics – essentially growth in GDP – and a range of other objective measures only tells so much.

“International bodies such as the OECD are no longer focusing solely on economic growth but rather how that growth is shared,” says Pearson. “They’re asking how people are feeling. How do they perceive their own lives? The power of sentiment has a huge bearing on economic conditions. Poor sentiment can see investment decisions delayed or consumers putting off purchases.”

For business owners keen to assess the financial health of their business, talk to your NAB Business Banker or complete our free Financial Health Check at nab.com.au/businessstips. It’s a quick and easy way to identify and review potential issues in your business, and what you can do to fix them.