

ORGANIZATIONAL PERFORMANCE FROM HAPPINESS PERSPECTIVES: FUTURISTIC MEASUREMENT

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Abstract

This paper propagates that organizational performance should be evaluated through more relevant measures other than conventional financial and non-financial measures. The past study stressed that the practical organizational performance evaluation system should ensure the balance of financial and non-financial performance measures. In addition, organizational performance measures need to be chosen according to the context of the organization as they may have different outcomes in terms of performance. The appropriate selection of organizational performance measures is seen as a crucial factor in effectively accomplishing organizational strategic objectives. Therefore, this paper introduces the futuristic organizational performance measurement through happiness perspectives covering employees' happiness, customers' happiness and shareholders' happiness. Non-financial performance could be measured through employee and customer happiness, whereas financial performance can be measured through shareholder happiness. Future research could confirm and enhance further the findings and contribution of organizational performance from happiness perspectives.

Research paper

Keywords: Customer Happiness; Shareholder Happiness; Employee Happiness; Organizational Happiness and Organizational Performance

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Introduction

Griffin et al. (2016) elucidated that organizational performance is the way in which an organization tries to be effective. In the corporate world, organizational performance implies the organization's performance against its pre-planned goals and directions. Organizational performance measures need to be chosen according to the context of the organization as they may have different outcomes in terms of performance (Alves & Lourenço, 2022). In the meantime, the organizational performance also can be identified through the 'GAPs' by comparing the intended results against the actual results. As suggested by Hirebook, organizational performance can be broken down into three operational areas namely financial performance, operational performance, and human capital performance. In order to manage organizational performance appropriately, the top executives must focus on three main areas namely financial performance, product market performance and shareholder value. Meanwhile, the United States' Office of People Management advocated that organizational performance is not only a routine year end appraisal but also a necessity to convert goals into outcomes. It is a holistic assessment of the efficiency of the organization covering financial performance, operational performance, and human capital performance. Contu (2020) suggested that organizational performance highly relies on top executives' proficiency to nurture a cooperative working environment and the capability to lead a team. Superior organizational performance can be attained through emotional engagement and empathy from all stakeholders.

Many scholars and practitioners have initiated various programs to enhance the performance of organizations; nonetheless, many of these assertions have not been assessed (Pereira et al., 2021). The past study stressed

that the practical organizational performance evaluation system should ensure the balance of financial and non-financial performance measures (Mashovic, 2018; Dana et al., 2022 a,b). To date, the optimal definitions or measures of organizational performance remain controversial (Moss, 2016; Soleimani et al., 2022; Yakubu et al., 2022). Indeed, organizational performance can be measured in many ways. According to Smith (2019), one of the most popular measures to evaluate organizational performance is how well a business achieves its pre-planned goals such as annual targets, expenditures, revenue, bottom-line profits, innovation and growth. In addition, Organizational performance also can be measured from business process efficiency, marketplace performance, workforce metrics, etc (Seng et al., 2015; Rahman et al., 2022). In a nutshell, organizational performance measurement can be categorized into two broad categories namely financial and non-financial measures (Rashid, 2018). Nonetheless, these two measurements remain undetermined as both measures have their advantages and limitations. Many alternative measurements have been suggested by other academics such as organizational happiness index OHI (Omar et al., 2018) and happiness perspectives (Koay & Muthuveloo, 2021).

Background

At present, measuring happiness within an organization has become a contemporary theme in the sustainability development of an organization even though the happiness term has been subjective (Ahtesham, 2020). The happiness topics within an organization have been discussed among academicians, practitioners, and policymakers for the past two decades (Omar et al., 2018; Salamzadeh et al., 2022). In addition, happiness topics have been

alluring the attention of psychology research and the interest in happiness has also extended to workplace experiences (Fisher, 2010; Kawamorita & Salamzadeh, 2021). Omar et al. (2018) believed that the happiness concept is very likely to guide progress toward sustainable development for public and private organizations in balancing economic, social and environmental objectives in a more holistic measure.

United Nation resolution in 2011 accepted happiness as one of the important agendas and invited its member countries to measure the happiness of their citizens and to utilize the data as benchmarking for public policy setting (Niyazieva & Zhechev, 2020). A philosophy called Gross National Happiness (GNH) was initiated by the 4th king of Bhutan in 1972 to guide his government's development and progress. The King believes "Gross National Happiness is more important than Gross Domestic Product' for his country. The purpose of GNH is to calculate Bhutan's performance through its people's life satisfaction. There are four pillars in GNH namely sustainable and equitable socio-economic development; conservation of the environment; preservation and promotion of culture and good governance (Ahtesham, 2020).

Meanwhile, Nikolova and Graham (2021) spearheaded the economics of happiness a concept that focuses on the living conditions of the people whereby providing a complimentary but radically different approach to studying human well-being. In the meantime, happiness economics measures the relationship between individual human beings' satisfaction related to economic issues. The factors measured in happiness economics are including economic security, quality of work, quality of consumption, leisure time, re-

relationships, environment, freedom and control. The Happiness economics assessment can be conducted through annual surveys that ask participants to rank their level of happiness based on an assortment of quality-of-life factors.

Discussion

Top executives and business researchers should apply both financial and non-financial indicators in measuring organization performance (Gavrea et al., 2011); while Wang et al. (2015) suggested that organizational performance evaluation should accept the multidimensional nature of results by examining different indicators. Nevertheless, many organizations were unwilling to unfold their financial information to outsiders due to privacy concerns was the major challenge for business researchers to study organizational performance through financial indicators. In addition, Singh et al. (2016) revealed that most business researchers were not able to collect consistent and reliable accounting data in organizational performance evaluation.

In this regard, Omar et al. (2018) advocated that top executives and business researchers could determine organizational performance through the organizational happiness index (OHI). Sender et al. (2021) believed that happiness at work is considered the ‘Holy Grail’ of business study whereby happier workers are more productive and able leading to a win-win situation for both individual and organizational performance. Nonetheless, to date, there is without confluent conclusion about the happiness as an alternative measurement for organizational performance as the lack of a widely accepted measure. Furthermore, organizational performance evaluation through happiness could be indecisive since available measurements were one-dimensional and non-academically validated (Omar et al., 2018).

On the other hand, Bhutan’s GNH index is a measurement of economic and moral progress that focuses primarily on an assortment of quality-of-life factors. Furthermore, the primary purpose of GNH is to replace Gross Domestic Product (GDP) in measuring performance of the country’s progress and growth. In this regards, the GNH index is deemed not suitable to assess organizational performance in the private or public sector. Therefore, an alternative reliable measurement for organizational performance is a necessity.

As shown in Figure 1, this paper propagates that organizational performance can be evaluated through another measure apart from conventional financial and non-financial measures.

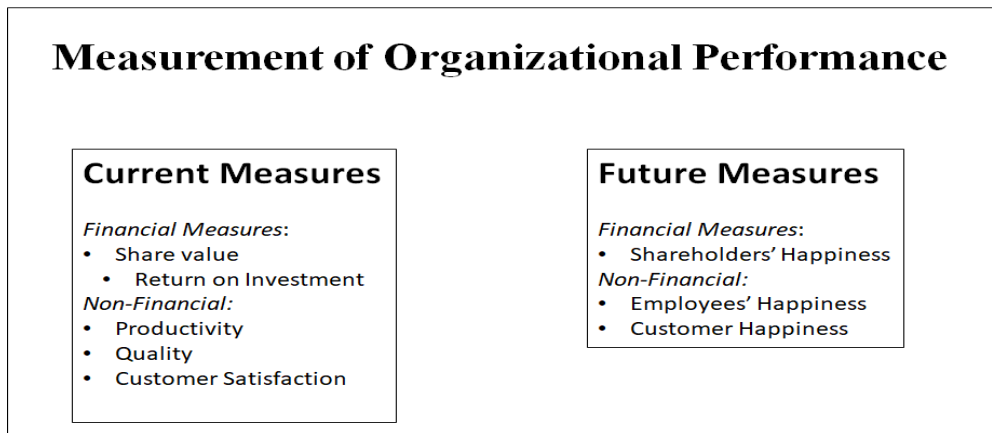


Figure 1. Futuristic Measurement of Organisational Performance

The paper discusses the futuristic organizational performance measurement through happiness perspectives covering employees’ happiness, customers’ happiness and shareholders’ happiness as illustrated below:

Financial Measurement

In the conventional organizational performance evaluation through financial measures, financial performance is described in two different categories. First, shareholders value via the stock return performance, which is a direct input variable in the firm's value calculation, thus yielding higher value for the shareholders. Second, accounting perspectives include net profitability and return on equity or return on investment (Zumente & Bistrova, 2021). Whereas future measures for the organizational performance through financial measures will be through shareholders' happiness. This futuristic measure can be justified as shareholders will be in happy condition when the organization achieves the desired financial performance and they are able to enjoy a return on their investment.

Non-Financial Measurement

In the conventional organizational performance evaluation through non-financial measures, non-financial performance is basically measured through market development, quality of product or services, employee productivity, job satisfaction and customer satisfaction (Ur Rehman et al., 2019; Dheer & Salamzadeh, 2022). Whereas future measures for the organizational performance through non-financial measures will be through employees' happiness and customers' happiness. According to Oh et al. (2022), when employees are happy and work in a happy environment, they will ensure customers attain their requirements and expectations. If customers' requirements and expectations are met, they are happy and will become patronage and spend more with the organization.

Literature Review

Koay and Muthuveloo (2021) instigated a new measurement scale for organizational performance through three (3) happiness perspectives namely employees' happiness, customers' happiness, and shareholders' happiness. In the article title 'The influence of Disruptive Innovation, Organizational Capabilities and People on Organizational Performance Among Manufacturing Based Companies in Malaysia'; the authors found that when an organization was performing well in both financial and non-financial aspects, the main stakeholders namely employees, customers, and shareholders surely be in a state of happiness.

Findings from this study demonstrated that employees' happiness was the higher indicator of organizational performance, followed by shareholders' happiness and customers' happiness. Employees' happiness is essential as employees are motivated to perform at their optimum levels when they are contented in their careers (e.g. see, Hosseini et al., 2022). At the same time, shareholders will be in happiness state whenever organizations achieve financial performance.

Therefore, top executives and business researchers should focus on the happiness perspectives and strengthen organizations' happiness. When employees are happy and contented, they could increase creative thinking, competency, and freedom for new work ideas and create value for organizations. In addition, this study affirmed that non-financial performance could be measured through employee and customer contentment and happiness, whereas financial performance can be measured through shareholder contentment and satisfaction. Therefore, the authors advocated that the happiness

measurement scale from employees, customers and shareholders could be proxies of organizational performance.

Conclusion

The appropriate selection of organizational performance measures is seen as a crucial factor in effectively accomplishing organizational strategic objectives. Though organizational performance is an important topic, nevertheless, there is no specific definition or interpretation of organizational performance measurement to date owing to its wider context. Conventional organizational performance assessments are through financial and non-financial measurements. However, these two (2) measurements remain challenging as the availability of consistent and reliable data from the sample. Therefore, this paper propagates that organizational performance can be evaluated through another measure apart from conventional financial and non-financial measures. The paper introduces the futuristic organizational performance measurement through happiness perspectives covering employees' happiness, customers' happiness and shareholders' happiness. Future research could confirm and enhance further the findings and contribution of organizational performance from happiness perspectives.

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