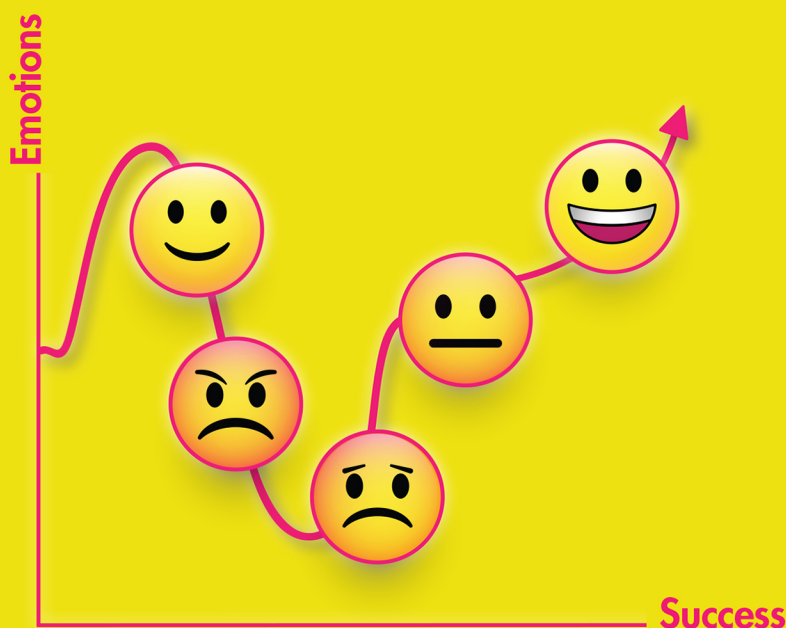


# THE HAPPINESS INDEX

Why Today's Employee **Emotions** Equal  
Tomorrow's Business **Success**



MATT PHELAN

WILEY



# **THE HAPPINESS INDEX**



# THE HAPPINESS INDEX

Why Today's Employee **Emotions** Equal  
Tomorrow's Business **Success**

MATT PHELAN

WILEY

Copyright © 2024 by John Wiley & Sons, Inc. All rights reserved.

Published by John Wiley & Sons, Inc., Hoboken, New Jersey.

Published simultaneously in Canada.

No part of this publication may be reproduced, stored in a retrieval system, or transmitted in any form or by any means, electronic, mechanical, photocopying, recording, scanning, or otherwise, except as permitted under Section 107 or 108 of the 1976 United States Copyright Act, without either the prior written permission of the Publisher, or authorization through payment of the appropriate per-copy fee to the Copyright Clearance Center, Inc., 222 Rosewood Drive, Danvers, MA 01923, (978) 750-8400, fax (978) 750-4470, or on the web at [www.copyright.com](http://www.copyright.com). Requests to the Publisher for permission should be addressed to the Permissions Department, John Wiley & Sons, Inc., 111 River Street, Hoboken, NJ 07030, (201) 748-6011, fax (201) 748-6008, or online at <http://www.wiley.com/go/permission>.

Trademarks: Wiley and the Wiley logo are trademarks or registered trademarks of John Wiley & Sons, Inc. and/or its affiliates in the United States and other countries and may not be used without written permission. All other trademarks are the property of their respective owners. John Wiley & Sons, Inc. is not associated with any product or vendor mentioned in this book.

Limit of Liability/Disclaimer of Warranty: While the publisher and author have used their best efforts in preparing this book, they make no representations or warranties with respect to the accuracy or completeness of the contents of this book and specifically disclaim any implied warranties of merchantability or fitness for a particular purpose. No warranty may be created or extended by sales representatives or written sales materials. The advice and strategies contained herein may not be suitable for your situation. You should consult with a professional where appropriate. Further, readers should be aware that websites listed in this work may have changed or disappeared between when this work was written and when it is read. Neither the publisher nor authors shall be liable for any loss of profit or any other commercial damages, including but not limited to special, incidental, consequential, or other damages.

For general information on our other products and services or for technical support, please contact our Customer Care Department within the United States at (800) 762-2974, outside the United States at (317) 572-3993 or fax (317) 572-4002.

Wiley also publishes its books in a variety of electronic formats. Some content that appears in print may not be available in electronic formats. For more information about Wiley products, visit our web site at [www.wiley.com](http://www.wiley.com).

***Library of Congress Cataloging-in-Publication Data is Available:***

ISBN 9781394166602 (Cloth)

ISBN 9781394166619 (ePub)

ISBN 9781394166626 (ePDF)

Cover Design: Joe Wedgwood

Cover Image: © fenskey/Adobe Stock

*I would like to dedicate this book to my partner, Liz, and our amazing children, Izzy and Fred. Our children challenge us every day in so many beautiful ways.*

*The tears, the laughter. The ups, the downs.*



*All of it.*

*I hope that years from now, when Izzy and Fred are adults, they will read the words on this page and think to themselves:*

*“Maybe he wasn’t actually that embarrassing after all?!”*





# Contents

|  |             |
|--|-------------|
| <b>Acknowledgments</b>                             | <b>ix</b>   |
| <b>Foreword</b>                                    | <b>xiii</b> |
| <b>Chapter 1 Introduction</b>                      | <b>1</b>    |
| <b>Chapter 2 The Crossroads of Change</b>          | <b>17</b>   |
| <b>Chapter 3 Employee Engagement and Happiness</b> | <b>35</b>   |
| <b>Chapter 4 Emotions as Data Points</b>           | <b>49</b>   |
| <b>Chapter 5 Psychological Safety</b>              | <b>73</b>   |
| <b>Chapter 6 Freedom</b>                           | <b>87</b>   |
| <b>Chapter 7 Feelings of Acknowledgment</b>        | <b>97</b>   |
| <b>Chapter 8 Positive Relationships</b>            | <b>109</b>  |
| <b>Chapter 9 Aligned Meaning and Purpose</b>       | <b>125</b>  |
| <b>Chapter 10 Opportunities for Growth</b>         | <b>137</b>  |
| <b>Chapter 11 Clarity</b>                          | <b>147</b>  |

|                         |  |            |
|-------------------------|--|------------|
| <b>Chapter 12</b>       | <b>Enablement to Succeed</b>           | <b>159</b> |
| <b>Chapter 13</b>       | <b>Humanity and a Thriving Culture</b> | <b>171</b> |
| <b>Chapter 14</b>       | <b>Freedom to Be Human</b>             | <b>189</b> |
| <b>About the Author</b> |  | <b>199</b> |
| <b>Index</b>            |  | <b>201</b> |

# Acknowledgments

## EMPLOYEES

I would like to acknowledge every single person I have ever employed.

I was 25 when we first started employing people. I had got by on a £2,000 loan from the bank and a few side jobs at the start and it was about 6 months into the business that our customer fees allowed us to start employing people. I was dreadfully unprepared to be a manager.

It has been a long, hard 15-year journey with plenty of mistakes made along the way, but we strive to learn from all of these relationships and to improve.

Where I was incredibly fortunate was having the most amazing mum, who taught me what leadership is about. As an immigrant working mum with five young children, my mum somehow always made time for people. Time to listen, not to judge or to offer random bits of advice. Just to listen.

Some people laugh when I say this, but I put employing someone right up there on par with marriage in terms of responsibility. When you recruit someone, you enter into an arrangement where the decisions you make can positively or negatively shape the future of that individual. Everything you do has an impact on them, from their financial prospects to their mental health.

For this relationship to work, it needs to be a partnership and work as a two-way street. If both partners work hard on that relationship, what you can achieve together is limitless.

My learning from these relationships is that you get out what you put in. Listen to people and they will listen to you. Be loyal to people and they will be loyal to you. Give people the tools to succeed and they will succeed.

However the flip is also true. Don't listen to your employees and they won't listen to you. Treat your employees like a number on a spreadsheet and they will treat employment as a purely transactional arrangement.

The joy and happiness that can be gained from a group of people coming together to work on something big, bold, and scary is one of the most incredibly rewarding endeavors available to us.

Jackie Dyal, one of my colleagues at the Happiness Index introduced a really simple process to The Happiness Index called a retro. It is a simple daily routine asking two questions:

What went well? What could have we improved on?

As founders we don't get things right all the time and we are far from perfect. I often reflect in these retros on moments and situations as an employer that I wish had gone better from the last 15 years. I try to learn from all my experiences of being an employer and improve step by step.

Thank you to everyone who has been on the journey over the last 15 years through all the lows and the highs.

### EXPERT CONTRIBUTORS

I am a huge believer in the idea that for humanity to thrive, we need to combine data, research, and storytelling. In this book I invited 25 experts to bring together some of this data and research into practical advice you can use today.

Thank you to this collective of 25 amazing storytellers from across the world. I am lucky to know you and thankful that our careers have crossed whilst researching this book: Sope Agbelusi, Natasha Wallace, Phil Burgess, Matthew Knight, Hannah Litt, Jenn Lim, Cathy Courtenay, Laura Page, Arlette Bentzen, Simon Berry, Margot Slattery, Karen Robinson, Rob Turner, John Fitzgerald, Minter Dial, Kevin Withane, Fiona McDonnell, Dan Sodergren, Steven Bianchi, Andrew MacAskill, Ben RainforthGott, Njabulo Mashigo, Clive Hyland, and Tony Latter.

### CITED RESEARCH

There are now over 223,560 research papers on employee engagement and happiness. It was incredibly difficult to whittle this down to 40 or so papers that would help readers on their learning journey.

Thank you to everyone doing research in this area, and a shoutout to all the experts specifically mentioned in this book: When writing a book, there are always a few amazing people who deserve a special mention.

Gemma Shambler, our head of people, for practicing what we preach and putting all of what we discussed in this book into action. We don't always get things right but we are always committed to learning and improving.

Clive Hyland, our head of neuroscience, for helping us bridge the scientific community and the work community. Clive's role

in helping us use the latest science and making it accessible to all of us is something we are incredibly fortunate and thankful for.

Tony Latter, my co-founder, was an incredibly great person to speak to when I was suffering from the dreaded writer's block. Tony helped me write, rewrite, and reshape key sections of this book.

Amanda Marksmeier, for writing up all the expert podcasts and pulling all the external research together. If you enjoy any of the experts in this book, you can find their full interview on the Happiness and Humans podcast.

Patrick Phelan (My actual brother) who joined us before we had money to employ people. Pat is known by most of our customers as the calm core of the business. Pat has been keeping a weekly customer diary that he writes to the company every Friday on insight that he has learnt from working with our customers.

He calls his Friday email "Pat's nuggets" and these nuggets were a goldmine (pun intended) when writing the customer insights in the 8 core chapters of this book.

Joe Wedgwood, our brand and design manager, for the designs in this book and the cover, all of which is Joe's amazing creative work.

A final thank-you to our community of readers of my previous book for encouraging me to write a second book, and for all the feedback on everything from cover design to the name of this book.

## Foreword

It's been seven years since I joined The Happiness Index, which at the time was just a start-up. I was the first employee—or 001, the tongue-in-cheek name I gave myself! Since then the company has grown to help organizations measure their culture in over a hundred countries.

It may sound cliché, but it really has been a roller coaster of a journey! It's quite unusual for a millennial to remain with a company for as long as I have, but the reason for working here is purpose-driven. It has been a passion of mine to help people. When I was younger this was done via charity events or helping communities, but I never felt that was enough.

It hadn't occurred to me that I could do this on a larger scale, until an opportunity to work at The Happiness Index arose, helping organizations to look after their employees.

I'd experienced working for other organizations that weren't people focused and—in each role—within six months I had my eye on the door. Those experiences helped me to understand some of the reasons why it's crucial to look after your people and give them a voice. This was a significant driver for me to enable this within other organizations.

I don't want other employees to be deeply unhappy at work like I was. I want them to thrive and bring the best version of themselves to work because it's only through doing this that they'll flourish.

When I tell people I work at The Happiness Index, people assume I'm always happy, but as you'll see from the data in this book, it's impossible to be happy 100% of the time.

There will always be peaks and troughs, and it's in those troughs that you learn and grow. That collective intelligence is what informs the direction our customers strive toward, and the changes that need to be made to create a happy, engaged, and successful organization.

During my time here, I've worked with a diverse range of organizations of varying sizes and industries. We have found that it's common for companies to have some of the same issues, irrespective of size or industry. But what is most important is ensuring that well-informed actions are taken to improve employee experience.





---

This is something we do internally at The Happiness Index, as well as with our customers—and there is nothing better than seeing employee engagement and happiness increase!

I have seen first-hand that being happy at work not only helps improve team performance, but on a personal level can radically transform your entire life in so many positive ways.

I'm excited about the future and to be able to share what we've learned from our neuroscience-designed platform in this book. Not only will it help you improve the happiness and engagement of your employees, but it will also increase your organization's chance of success.

This book will explore the different themes that make up our vision, "Freedom to be Human," something that I am passionate about and that drives me daily.

I feel very lucky to work for a company actively practicing this ethos, because it allows my colleagues and me to bring our true selves to work every day. This empowers me to be authentic in each aspect of my role, which I believe comes across when working with colleagues and clients. It creates a culture of openness and encourages a diversity of opinions within the business.

Personally, this allows me to work in a way that works for me. Having flexibility in the way I work is crucial to my happiness and well-being. I'm able to speak up and drive change where I see fit, and the flat structure allows for collaboration across the business.

I hope you enjoy this book, written by Matt Phelan, one of the co-founders of The Happiness Index. He's a great manager and an inspiring leader!

I will now hand over to Matt to share what we have learned along the way.

—Roma Varma, Employee 001 at The Happiness Index

# CHAPTER 1

## Introduction



*Today's emotions = Tomorrow's performance*

Imagine for a moment we stopped seeing our emotions as weakness or simply something we need to control. What if every emotion you are currently feeling as you read these words on this page is intelligence to help you navigate life?

What would happen if we stopped ignoring this internal intelligence system that has evolved over thousands of years to help us grow?

Hello, and welcome to my new book! This book will explain how today's emotions are tomorrow's performance.

Before I introduce myself, I thought it would be useful to share a simple four-step guide for your journey through the book.

### **Guide 1: The Starting Point**

We all need to face some key truths before we're able to make real change:

- Every organization in the world has unhappy employees.
- Every single human being has happiness levels that fluctuate.
- No company will ever have happy employees all the time.
- It is not healthy or realistic for human beings to be happy all the time.

### **Guide 2: Toxic Positivity and Perfection**

This book is not about toxic positivity, perfection, or shoving happiness memes or tropes down your throat until you believe them. You can't simply "think" yourself into happiness. A positive outlook in life is a handy tool—research proves how

handy it is. However, this is not a positive psychology book. There are already loads of them (of varying quality).

*The Happiness Index* is not called *The “High” Happiness Index* for a reason. It is called an index because information from the highs and lows is equally important.

I have never met a perfect company or a leader who makes 100% spot-on decisions all the time. There is no one-size-fits-all strategy for a thriving culture, but there is data and insight that can help guide us all.

Our organization—The Happiness Index—and our customers struggle with all the factors we discuss in this book just as much as everyone else. However, having the data and insight I am about to share as a guiding light helps us improve our decision-making.

As a reader myself, when I pick up a book, I hope I’ll learn the one perfect answer that I can take away and apply to my organization. Unfortunately, the world doesn’t work like that. Like you, we at The Happiness Index don’t get it right all the time, but we are able to make more informed decisions due to our data.

The starting point is that we must embrace all our feelings and thoughts to thrive.

### Guide 3: Use-By Date

This book is about understanding the latest science, data, and research that drives employee engagement and happiness in the workplace so organizations can create the conditions for their employees to thrive and therefore their organizations to succeed.

The Happiness Index has measured the happiness levels of over two million human beings. However, the minute we collected that data it was out of date. That doesn't mean we can't learn from that data, but no data set that complex is ever going to be simple.

People love data because it can be used as fact. I don't see data as fact. I simply see it as what happened in one moment in time. Please use the data and research in this book to "make better decisions" not to "make decisions." Data is there to inform and help guide us.

### Guide 4: Creating a Thriving Culture Takes Hard Work

There is no simple shortcut to a thriving culture. Employee happiness is a two-way street—it requires employees and organizations to contribute for it to work.

This book is for organizations that want to stop just saying their "people are their greatest asset" and start proving it. This book aims to give you a starting point and help guide you when creating a thriving workplace culture.

With those four guiding points established, let's all take a deep breath and relax into the book.

### MY NAME IS MATT

Although this is my second book (my other book is *Freedom to Be Happy: The Business Case for Happiness*), I don't really see myself as an author. Although the words you are reading right now are written by me to you, the reader, I primarily see my role as your guide to help navigate what we have learned.

This book showcases amazing scientists, HR professionals, CEOs, professors, data scientists, practitioners, and storytellers,