Factors Influencing Employee Happiness in Small and Medium Enterprises and Strategies for Improvement

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Abstract: *In an increasingly competitive market environment, employees are the greatest resource and asset of an enterprise. Enhancing employees' happiness is a direct motivation for them to devote themselves to their work. It is important and urgent to study the factors influencing the happiness of employees in enterprises and propose effective countermeasures to enhance their happiness. This paper introduces the concept of employee happiness, the importance of enhancing the happiness of employees in small and micro enterprises and analyses the main factors that affect employee happiness in small and micro enterprises and puts forward countermeasures to effectively enhance employee happiness.*

Keywords: *Small and Medium enterprises, Employee Happiness, Factors influencing, Employee Well-Being*

1. Introduction

Small and micro enterprises (SMEs) play a vital role in the economic growth of many countries. However, compared to larger organizations, SMEs often face unique challenges in providing employee happiness and satisfaction. Employee happiness has been found to be positively associated with increased productivity, job satisfaction, and overall organizational success. Therefore, it is important to understand the factors that affect the happiness of employees in SMEs and the strategies that can be implemented to improve it.

2. Concept of employee happiness

Happiness as a concept has continually gained attention, hence growing global popularity.

From the twentieth century onwards, psychological schools of thought have divided happiness into two concepts, subjective and psychological well-being, based on a philosophical outlook.

Subjective well-being is people's overall evaluation of their lives, which can be both long-term and short-term, and includes not only people's psychological reactions to current events, their emotional well-being, but also their satisfaction with the formation of these events [1].

Psychological well-being is a more stable cognitive and emotional experience that arises from an individual's objective perspective and through a comprehensive evaluation of the quality of one's own existence according to self-defined criteria [2], and its influencing factors include people's self-acceptance, life purpose, self-growth, autonomy and the ability to grasp and adapt to the objective environment.

Combining scholars' research on the two types of happiness mentioned above, this paper believes that employee happiness is the psychological experience of the overall quality of an individual's work experience and functions, as well as the material and spiritual satisfaction obtained from them, in order to achieve their goals and ideals in the process of social life.

3. The importance of enhancing the happiness of employees in SMEs

Employee happiness is seen as an important factor in determining the overall success of a company. Happy employees are often more productive, have higher job satisfaction, and are more likely to stay

with their current employer. As a result, many companies have made employee happiness a priority by offering benefits and perks, fostering positive work environments, and providing opportunities for growth and development. The following are concrete examples of the importance of enhancing employee well-being.

First of all, enhancing the happiness of employees in small and medium enterprises can help to improve the cohesion of the enterprise and improve the efficiency of work. Employees are an important factor in the development of an enterprise, and their motivation is the core element in the development of an enterprise. The basis for employees to actively engage in their work is to provide them with a satisfactory working environment and meet their psychological needs. Therefore, by taking a series of initiatives to enhance the happiness of employees can stimulate their work motivation and enhance their ability to work and innovate, so as to contribute to the development of the enterprise.

Secondly, enhancing the happiness of employees in small and medium enterprises is an important step in building a modern enterprise management system and reducing human resource management costs. The modern enterprise management system attaches great importance to human resource management, and only by building a system that meets the interests of employees can we promote the development of the enterprise. For small and medium enterprises to gain a better space for development, they must pay attention to the experience of employee happiness and let employees establish a sense of ownership. At the same time, enhancing the happiness of employees helps to reduce staff turnover, which not only solves the human resource training costs associated with re-recruiting new employees for the enterprise, but also improves the efficiency of the job.

However, it is important to note that employee happiness can vary greatly between individuals and can change over time depending on a variety of factors, including workload, job responsibilities, company culture, and personal circumstances.

4. Main factors affecting the happiness of employees in SMEs

There are several factors that can affect the happiness of employees in Small and Medium Enterprises (SMEs). Some of the most common factors include:

4.1 Organisational commitment

Organisational commitment is a psychological contract that reflects the psychological contract between the individual and the organisation, i.e. the employee's recognition and commitment to the organisation mentally, emotionally and psychologically, as well as the willingness to assume various responsibilities and obligations as a member of the organisation. Organisational commitment represents an employee's commitment and loyalty to the organisation. This loyalty includes the level of emotional commitment and behavioural norms.Qu G, Liu L, Sang R. (2016) found that job insecurity had a significant negative impact on well-being when he researched on the relevancy of employees' self-concept and occupational happiness [3].

4.2 Comprehensive payroll

American researchers in the 1970s suggested that total remuneration for other countries had become an important part of strategic human resource management. Comprehensive compensation consists of three elements: wages, benefits and work experience. Through the integration mechanism of creation and separation, comprehensive compensation achieves interaction and balance between corporate value and employee value, thus achieving the integration of the two values, increasing employee job satisfaction and attracting and retaining good employees. Its value lies in balancing the interests of enterprises and employees, improving corporate and employees' performance and employee satisfaction, and thus enhancing employees' subjective well-being [4].

4.3 Interpersonal relationships

Deci EL and Ryan RM (1991) argue that interpersonal relationships are an essential feature of well-being and that the quality of interpersonal relationships is a measure of well-being expectations [5]. Cohen and Wills (1985) proposed two models of interpersonal relationships that influence subjective well-being, namely the main effect model and the buffer model [6]. Interpersonal relationships are a key element in maintaining good mood.

On the other hand, family support can reduce the stress of conflict on individuals and help them to adapt better to life. As society develops, work and family become two of the most important parts of people's daily lives, and the pressures of these two different roles are often irreconcilable in some ways, leading to conflict between the roles. Family support is of great importance in terms of its impact on employees' well-being.

It's important to note that these factors can vary depending on the specific SME and the industry in which it operates, and that different employees may place different levels of importance on different factors. However, by addressing these common factors, SMEs can help create a positive work environment that contributes to employee happiness and success.

5. Measures to enhance the happiness of employees in SMEs

Enhancing the happiness of employees is significant for SMEs. And there are several measures that SMEs can take to enhance the happiness and satisfaction of their employees.

5.1 Rational design of working characteristics

The role of job characteristics in influencing well-being at work is not very significant, but it is an important part of business management and is relevant to the daily work of employees, so it needs to be designed appropriately.

In terms of work autonomy, as everyone has more or less a desire to control, the work wants a certain degree of autonomy, but not all positions can have autonomy, and each employee does not have the same requirements for work autonomy, which requires a good job analysis and job design work, while taking into account the specific differences between employees, within a certain limit to give employees work autonomy, and Enhancing work happiness. In terms of job value, employees' recognition of their jobs depends to a large extent on their interest in their work and the balance of their knowledge and talents, and the fact that work is valuable and meaningful can make employees gain a higher sense of self-efficacy, so in the process of job design we should try to make the job have attributes such as skill variety, task importance and completeness, i.e. the design of motivational factors as described in the two-factor theory. However, the design of complex job content must be matched to employees' abilities, which requires consideration of job mastery. When designing tasks and objectives, they should be within the control of the employee's ability, not too high or too low, as too high will undermine the employee's self-confidence and too low will not be motivating. The workload should also be designed in such a way that it does not take away from the employees' rest time, as rest time is a health care factor, if it is lacking, it will lead to employee dissatisfaction.

5.2 Fair compensation and benefits

Although small and micro enterprises are relatively small, they should still establish a motivating, relatively fair and competitive remuneration and benefits system. Offering competitive salaries and benefits packages can help improve employees' well-being.

Firstly, when setting up the corresponding corporate welfare, micro and small enterprises should take into account the real needs of employees and adopt a flexible welfare system that combines material and spiritual incentives, such as paid holidays, travel funds, training opportunities abroad, free staff dormitories, etc. Secondly, the salary and benefits are adjusted in real time. Combined with the Malos theory of hierarchy of needs, it can be found that the salary and benefits are related to people's clothing, food, housing and transportation, and are closely related to the physiological needs of employees. The company should take into account the actual level of development in the local area, and from its own economic situation, moderately enhance the basic salary of the company's employees. Thirdly, based on the actual situation, the company should assess the various factors in the existing performance appraisal system and must clarify the performance standards of the employees' work. On the premise of workload, the quantitative assessment is combined with the working ability of the employees, so as to develop scientific assessment standards In addition, for employees with different workloads, the relative fairness of the performance assessment should be guaranteed, so that employees can get a psychological and material balance can really feel the value of their hard work.

5.3 Building a harmonious working environment

Human relations theory says that people are social beings and that harmonious interpersonal relationships at work have a non-negligible role to play in employees' happiness at work.

In terms of the relationship with the leader, it can be divided into two parts, one is the staff's identification with the leader, the leader's ability and charisma will have a subtle influence on the staff's behaviour and attitude, so the enterprise should focus on the overall quality of the leader's improvement, the other part is the leader's identification with the staff, in many cases there is no need to pay financially only the leader's support and affirmation can bring unexpected results, so that This is why companies should also develop the ability of their leaders to show proper care and respect to their employees. In terms of relationships with colleagues, healthy competition and cooperation are essential and companies should make full use of the corporate culture to create a culture of mutual support and collaboration, mutual care and help, and to guide employees to get along with each other. If companies want to achieve a state of mind with their employees, they should let each employee establish a concept of responsibility for their work and colleagues, thus creating emotional resonance and achieving the spiritual change described in scientific management theory. In addition, enterprises can hold some quality development training, job skills competitions and other collective activities from time to time to enrich the spare time and cultural life of employees, while cultivating the sentiment of employees, enhance the cohesion between employees and enhance the sense of well-being at work.

5.4 Focus on personal development of staff

Having a reasonable career development prospect is one of the key factors for employees to gain a sense of happiness at work. If we want to effectively enhance employees' happiness at work, we must focus on their personal development.

In terms of career development, having a reasonable career plan will give employees hope, just like the valence and expectation probability mentioned in expectation theory, which will produce motivation for employees and allow them to experience happiness. Therefore, enterprises need to guide employees to formulate their own career plans according to their own development strategies, and at the same time build a fair and equitable development platform, so that employees can clarify the direction of their efforts and experience happiness in the process of pursuing their goals.

6. Conclusion

Employees are the core element of enterprise development. Enhancing the happiness of employees in SMEs is an important factor for SMEs to overcome the adverse effects of the external environment and maintain sustainable development. And Organisational Commitment,Comprehensive payroll and Interpersonal relationships are three main factors affecting the happiness of employees in SMEs.

Therefore, Small and medium enterprises need to take effective measures to improve the happiness of their employees, enhance their competitiveness and achieve sustainable development.They can take these measures to enhance the happiness of employees:Rational design of working characteristics, Fair Compensation and Benefits, Building a harmonious working environment and Focus on personal development of staff.

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