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It Pays to Be Optimistic

Exploring the connections between optimism and business success

by Jennifer Robison

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Optimism, while a nice attribute, isn't necessarily considered a business asset. Optimistic people are more pleasant to be around than their pessimistic counterparts, and an office full of optimists is a more agreeable place to work than one full of sourpusses. Yet somehow, pessimists have all the street cred. The office cynics are thought to be more realistic, rational, and strategic. Optimists may be sweet, but pessimists, though often sour, are deemed the crowd. Optimistic managers may create a sunnier workgroup, but pessimists will prepare it for the worst.

Recent research, however, suggests that pessimistic managers may not only plan for the worst, but invite it. Margaret Greenberg and Dana Arakawa, graduates of the Master of Applied Positive Psychology program at the University of Pennsylvania, studied the effects of optimistic managers and found that optimists may do a better job of helping employees reach goals and be more productive.

“The good news for leaders is that optimism isn't necessarily innate. Unlike many personality traits and talents, optimism is one of the few emotions that people can acquire.”

Greenberg, who is president of The Greenberg Group -- an executive coaching/consulting practice in Andover, Connecticut -- and Arakawa, who is planning to continue her studies abroad, were especially interested in optimism. "I believe optimism is essential to being an effective leader and creating a shared vision," says Greenberg. "Without it, there is no hope, no reason to stretch, and no belief that an organization can rally to achieve its vision."

But hope and belief aren't easily quantifiable, and their influence is tough to measure in dollars. To determine the impact of positive practices, including optimism, Greenberg and Arakawa surveyed more than 100 information technology professionals in different individual contributor and managerial roles at The Hanover Insurance Group.

The optimism circuit

Greenberg and Arakawa constructed two electronic surveys -- one for the 86 employees and one for the 17 managers in the study -- and administered them in 2005 and 2006. To measure optimism, the surveys included the Life Orientation Test Revised (LOT-R), a standard 10-item scale designed to assess individual differences in generalized optimism versus pessimism. To determine what influence optimism has on engagement, the researchers used Gallup's 2-item survey of employee engagement, the Q¹².

When Greenberg and Arakawa looked at retrospective performance results from 2005, they found that manager optimism didn't have a direct correlation with employee engagement -- but it did appear to have an indirect relationship to it: Though a manager's optimism didn't directly influence the engagement level of his or her employees, that manager's sense of optimism correlated significantly with his or her *own* level of engagement. In other words, the more optimistic the manager, the more engaged he or she is on the job.

But does a manager's sense of optimism *drive* his or her engagement? Greenberg and Arakawa aren't sure. "While causation can't be determined," says Greenberg, "further studies may validate that a manager's optimism level influences his or her engagement, which in turn affects the performance of the team."

Both the 2005 and 2006 performance results, however, did show that the manager's engagement level had a significant correlation with project performance. They also found a significant correlation between employee engagement and project performance. In 2005, employees with bottom-quartile engagement levels had project performance scores on average of 8.14 on a 20-point scale, while employees with engagement scores that were in the top quartile had performance scores that averaged 11.08. In 2006, workers with engagement scores in the bottom quartile earned, on average, performance scores of 11.15; workers with scores in the top quartile, in sharp contrast, had performance scores that averaged 17.00.

This suggests that there may be a circuitous path from manager optimism to employee engagement to productivity: Optimistic managers are more likely to be engaged managers who are more likely to engage employees; engaged employees, in turn, are more optimistic and productive than disengaged employees, and their increased productivity increases profitability. What's more, says Greenberg, "Researchers have found that optimistic people are more successful, healthier, and happier" -- attributes that can also contribute to organizational productivity and profitability.

Acquiring optimism

Greenberg and Arakawa didn't discover the importance of optimism in a blinding epiphany; researchers have been studying the effects of optimism for years, exploring the role optimism plays in leadership and in leaders' ability to cope with pressure and problems. (See "The Business Case for Instilling Hope" and "Hope, Optimism, and Other Business Assets" in the "See Also" area on this page.)

And the good news for leaders is that optimism isn't necessarily innate. Unlike many personality traits and talents, optimism is one of the few emotions that people can acquire. "While some leaders are naturally inclined to be optimistic," says Greenberg, "others can learn to be more optimistic by understanding their leadership style and changing their behavior."

Specifically, Greenberg suggests changing behavior through disputing, reframing, and active-constructive responding.

- *Disputing* involves refuting pessimistic notions -- whether they are your own or those of others -- with realistic counter-arguments. Even a pessimist can learn to pause, think, and marshal reasonable denials to other pessimists, including himself.
- *Reframing* involves finding the original, beneficial intent behind an action, then using it to change a behavior. The manager of a team facing layoffs, for example, can position the event as doomsday, or she can point out that the company has to cut costs or go out of business. The first frame invites employees to panic; the second can help them respond calmly and rationally to a bad situation.
- *Active-constructive responding* is a way of listening to others' good news that encourages them to savor the positive emotion. It's as simple as the difference between responding, "That's nice" when a coworker tells you about his latest success, or saying, "Wow, that's great! Tell me more about how you accomplished that." It's also an infectious behavior -- the active-constructive responder gleans a little of the emotional high, and the person with the good news develops an even higher opinion of the responder.

Chin up!

As Greenberg and Arakawa's study shows, managers have a tremendous amount of influence on employee performance, engagement, and optimism -- maybe more than they know. It would certainly be in managers' best interest to know the psychological effect they have on the troops.

So considering the impact of optimism in the workplace, perhaps it would be wise to reconsider the value of gloom. Optimism, it would appear, pays.

Jennifer Robison is a writer based in Lincoln, Nebraska.

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