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WORK FROM HOME AND HAPPINESS - AN EMPIRICAL RESEARCH STUDY

Abstract:

The flexibility of working hours and location has become an integral part of employers' corporate policy. In the post-pandemic era, location-based flexibility in particular seems to be the working practise that employees want to keep. Although many positive aspects of working from home or remotely have been highlighted in the literature over the years, the disadvantages of these flexible forms of work have also been identified. In light of these trends in work organisation, or the fact that work from home could become standard practise in many companies in the coming years, we were interested in investigating the relationship between working from home and overall employee happiness. Throughout history, happiness has been described as the natural goal of life and the ultimate end of temporal existence. The positive psychology introduced the concept of happiness to a wider audience, not only at an individual level, but also at the level of organisations and entire nations. Moreover, happiness has recently been promoted as a macroeconomic concept that is now actively pursued by countries and their governments. In order to develop policies that influence the happiness levels of people and countries, it is important to gain knowledge about the different factors that influence happiness, including human resource practises. As employment nowadays occupies a central place in people's lives, it is postulated that the workplace plays a crucial role in people's happiness. This served as motivation to investigate whether working from home, as a highly sought-after practise, is positively related to overall happiness. The empirical study was conducted using a questionnaire on a sample of 87 employees, mostly young, highly educated and employed in various industries, most of them in the banking sector. Of all sampled participants, two thirds had the option to work from home and most of them utilised it. The research results show that almost half of them believe that the main advantage of working from home is the time saved by not having to commute while the lack of communication with colleagues and/or superiors was identified as a main disadvantage. However, the relationship between working from home and overall happiness was non-significant and almost non-existent. Flexible working options should be significantly revised in the future to account not just for the potential benefits but also for its disadvantages.

Keywords:

Happiness, Remote work, Work from home, Life satisfaction, Well-being

JEL Classification: M10, M12, O00

1. Introduction

Throughout history, happiness has been described as the natural goal of life and the ultimate end of temporal existence (Ng, 2015). The pursuit of well-being or happiness of both individuals and entire nations has come to the forefront of research in positive psychology and economics, among other fields, so it is not surprising that happiness is considered to be of crucial socioeconomic importance (e.g. Ng, 2015; Lopez-Ruiz et al., 2021). Happiness is associated with many positive outcomes, including those related to both personal and work life. In other words, employers could benefit from happy employees as they tend to be more productive and exhibit more positive work behaviour (e.g. Diener et al., 2018). In this context, it is important to analyse which factors mainly influence the happiness of the population, among which flexible working arrangements (FWA) stand out.

Previous research has shown that FWA, especially those employee-driven, such as working from home (WFH) can be associated with positive organisational performance (e.g. Klindzic & Maric, 2019). WFH is also one of the most important work-life balance (WLB) practises that modern organisations voluntarily offer to their employees, as it can help them balance their work and private lives and reduce stress, exhaustion or burnout (e.g. Kattenbach et al., 2010). Even though FWA, and in particular location-based working, has been around for quite some time, it became essential during the Covid-19 pandemic and remained popular even after the pandemic, in large part due to the introduction of the EU Work-Life Balance Directive, which obliged EU member states to adapt their legal framework to allow more flexibility in the time and place of work for carers. And although WFH is well documented, there are still few studies on life balance, happiness and organisational support (Elnanto & Suharti, 2021). This was precisely the impetus for conducting an empirical study with the primary aim of exploring the relationship between happiness as an important concept sought not only by employers but by the governments as well (Ralašić & Bogdan, 2019), and because WFH is a work practise that is expected to remain and be pursued by all generations of workers in increasing numbers.

2. Literature review

2.1. General happiness/life satisfaction and its importance in economics and business

Through an increasing number of studies in the field of positive psychology, the concept of happiness has been introduced to a wider audience, but it has also been promoted as a macroeconomic concept that is even actively pursued by governments (Bogdan & Ralašić, 2019). However, defining the concept of happiness is a difficult task, as many authors use the terms happiness and life satisfaction interchangeably (Joo & Lee, 2017; Ng, 2015). Happiness usually refers to a feeling or subjective state and serves as an evaluation or assessment of life (Ackerman, 2021) whereas life satisfaction represents the overall cognitive judgement of one's life, i.e. the extent to which a person believes that their life is worthwhile or essentially "good" (Diener et al., 1985). The latter is conceptually different but strongly correlated with happiness (e.g. Peterson et al., 2005), which is why they are often used as synonyms (e.g. Lopez-Ruiz et al., 2021).

In order to develop strategies that influence the happiness levels of workers and entire countries, it is important to gain knowledge about the various factors that influence happiness, including work practises. Among other positive outcomes, happy employees tend to exhibit

more organisational citizenship behaviours and innovative work behaviours (Diener et al., 2018) and be more productive (Oswald et al., 2015). With employment occupying a central place in people's lives today, it is postulated that the workplace plays a crucial role in people's happiness, with flexibility in the time and place of work being one of the most important and widespread practises.

2.2. Work from home as a form of flexible work arrangements

In the volatile, uncertain, complex and ambiguous environment in which companies increasingly operate, flexible organisations and practises need to be developed that enable companies to respond to the frequent changes in their general and specific environment. This also includes non-standard or flexible working arrangements (FWA), which allow workers to perform work outside the traditional boundaries of standard work organisation, in relation to various dimensions: Quantity, distribution of working hours and place of work (Kattenbach et al., 2010; Spreitzer et al., 2017). Among the well-known and commonly used FWAs, those related to workplace flexibility (i.e. flexplace) allow employees to fulfil their duties in a physical location that is not dictated by the employer - instead they can work from home, in a café, on the train or at the airport (Dilmaghani, 2021), and sometimes employees are offered the option of flexible work locations and flexible working hours at the same time. Two main forms of flexplace are working from home (WFH) and remote work. In some countries, including Croatia, the conditions under which the right to work from home or remotely can be exercised are strictly defined, including the reason, timeframe and reimbursement of expenses (e.g. National Gazette, 2024).

In terms of their impact, FWAs are generally seen by employees as more attractive than standard working arrangements, and indeed research confirms that they can have a very positive impact on WLB as well as other individual and organisational outcomes such as health, absenteeism, turnover, profitability and service quality (Klindžić & Marić, 2019; Shifrin & Michel, 2021). Despite all the benefits of FWA and the technology used to support these approaches, there are some inherent challenges associated with location-based FWA. Some organisations prefer their employees to work in traditional office environments because they believe that direct interaction between employees contributes more to creativity and decision-making, among other things (Mathis et al., 2017).

2.3. The link between life satisfaction/happiness and work from home

Although there are studies looking at the relationship between happiness and the WHF option, the conclusions and recommendations drawn from them appear to be contradictory. For example, a panel study conducted on a large sample of workers aged 60 years or younger proved that teleworking increases life satisfaction, which in turn improves work productivity (Kazekami, 2020). Another cross-sectional study conducted on a sample of 94 lecturers from an Indonesian university shows that WFH has positive effects on WLB and WLB has positive effects on employee happiness (Elnanto & Suharti, 2021). A longitudinal study conducted on 358 married women from Singapore in six waves from 2018 to 2022 suggests a positive relationship between teleworking and life satisfaction, with WLB being a mediating factor (Tan et al., 2024). Finally, a quasi-experimental study conducted among employees of a German public bank points in the same, positive direction (Kortsch et al., 2022).

On the other hand, studies have demonstrated the negative relationship with happiness as well as a whole range of negative effects of WFH. While the Japanese study mentioned above confirmed the positive relationship between the variables of interest, it also showed that teleworking increases the stress of balancing work and home responsibilities and that this stress reduces life satisfaction (Kazekami, 2020). Tan et al. (2024) also found that teleworking is associated with a deterioration in relationships at work and a reduction in working hours, although the mediating effects of these factors on life satisfaction are not significant. Finally, Song & Gao (2020) used data from the well-being modules of the American Time Use Survey from 2010, 2012 and 2013 and found that compared to working at company premises, working from home on weekdays was associated with less satisfaction and teleworking on weekdays or weekends and holidays was associated with more stress. Due to the conflicting findings, we were interested in exploring the relationship between happiness, an important variable of interest to both individuals, employers and the economy as a whole, and WFH practise, which is still widespread and desired by workers even in the post-pandemic period. This is particularly important in the context of Croatian labour law, which has recently been adapted to address the issue of WFH more thoroughly.

3. Research methods and results

3.1. Research instrument, data collection and sample

Research instrument. A questionnaire with a total of 21 questions was designed and divided into three parts: The first part consisted of mainly closed questions relating to attitudes, habits and practises of WFH (e.g. number of days per week working from home). The second part, which relates to general life satisfaction, was adopted from Diener et al. (1985). The Life Satisfaction Scale consists of 5 items that measure global cognitive judgements of satisfaction with one's life. Respondents are asked to rate their level of agreement with each statement on a 7-point scale (1 – I strongly disagree to 7 – I strongly agree). The total score is calculated by adding up the responses to all five statements, with a higher score indicating greater satisfaction. The Croatian translation of the scale was used (Komšo & Burić, 2016) and reliability was tested – Cronbach's alpha was .78, which corresponds to the recommendation of a value close to .80 (Cho & Kim, 2015). The third and final part of the questionnaire related to socio-demographic questions, i.e. characteristics of the respondents, and included questions on gender, age, education level, industry, etc. The time required to complete the questionnaire was estimated at 10 minutes.

Data collection and sampling. People with professional experience were authorised to participate in the survey. Initially, the questionnaire was distributed to key individuals from various private and public organisations in the fields of finance, marketing and digital activities, and primary education. The questionnaire was created using the Google Forms application and distributed by the second author directly to potential respondents via e-mail and social networks, or the questionnaire was distributed by a supervisor in a large financial institution. Before completing the questionnaire, respondents had to confirm that they were of legal age and were informed about the purpose of the questionnaire and the guarantee of their anonymity. The data was collected in April and May 2024. A total of 87 people took part in the survey, none of whom declined to participate in the study. Their characteristics are listed in Table 1. The average study participant is relatively young, has a university degree, works in a non-managerial position and has up to 10 years of professional experience. The companies in

which the respondents work are predominantly in the tertiary (56.3%) and quaternary (41.4%) sectors of the economy. They mostly work for companies that are predominantly domestically owned and in large or medium-sized companies.

Statistical methods. The results were analysed using SPSS 28.0. The statistical methods include both descriptive and inferential statistics. More specifically, both Mann-Whitney U and Spearman correlation coefficients were used, in addition to absolute and relative frequencies and descriptive statistics indicators.

Table 1. Independent characteristics of study participants

Characteristic	Data distribution
Sex	Male – 42,5%, female – 57,5%
Age	18-25 years – 33,3%, 25-35 years – 34,5%, 35-45 years – 16,1%, older than 45 years – 16,1%
Education	Secondary education – 20,7%, tertiary education – 79,3%
Job position	Non-managerial – 82,5%, managerial – 17,2%
Year of work experience	Less than a year – 27.6%, 1-3 years – 28,7%, 3-5 years – 8,0%, 5-10 years – 14.9%, 10-20 years – 13.8%, more than 20 years – 6.9%
Employers' size	Micro and small – 35,6%, medium – 21.8%, large – 42,5%
Employers' sector	Primary – 1.2%, secondary – 8.1%, tertiary – 56.3%, quaternary – 41.4%
Ownership	Mostly domestic – 60.9%, mostly international – 39.1%

3.2. Research results

The results are presented separately for the aspects of working from home, life satisfaction and the relationship between the two concepts. Table 2 shows the most important results in relation to working from home (WFH).

Table 2. Availability of WFH option among study participants

WFH aspect	Data distribution	
Do you have the option of work from home?	Yes	65,52%
	No	34,48%
How many days a week do you usually work from home?	None	40,2%
	One	13,8%
	Two	9,2%
	Three	14,9%
	Four or more	21,2%

Around two thirds of the study participants have the option of WFH (65.52%). When asked about the usual number of days working from home, the majority of study participants stated 0 days (40.2%), suggesting that some of those who have the WHF option do not actually use it. The other options in terms of the number of days working from home are almost evenly distributed, with the last option standing out. More specifically, around 21% of participants work from home for a large part of the week (four or more days), while 36% work from home on three or more days. To get a deeper insight into the motives for working from home, participants

were asked to name the biggest advantage as well as the biggest disadvantage of WFH, which are listed in the next table.

Table 3. Participants attitudes on the main advantage and disadvantage of WFH

Main advantage of WHF	p	Main disadvantage of WHF	p
Saving time that is normally spent on commuting to and from work	49,12 %	Lack of in-person communication with colleagues or superiors	73,67 %
Greater flexibility and autonomy at work	17,54 %	Fear that not being in the office will give the impression of not working at all	7,02 %
More relaxed/comfortable atmosphere	17,54 %	Lack of working atmosphere	7,02 %
The feeling of having "more" time	10,53 %	Procrastinating due to lack of supervision	5,27 %
Saving money	5,27 %	There are no shortcomings	7,02 %

Almost half of the participants surveyed see the time saved by not having to commute as the greatest advantage of WFH, followed by greater autonomy and the feeling of being more relaxed at home compared to company location (17.54% each). On the other hand, by far the biggest disadvantage of WFH is the lack of personal communication with colleagues or superiors (mentioned by almost two thirds of participants), although other disadvantages do not stand out. The second part of the research findings relates to happiness or life satisfaction – the descriptive statistics on the happiness of the study participants are shown in Table 4.

Table 4. Descriptive statistics of life satisfaction report of study participants

Items	Min	Max	AM	SD	VC (%)	Mo	Me
In most ways, my life is close to my ideal.	1	7	4,88	1,18	24,18	5	5
The conditions of my life are excellent.	2	7	5,16	1,14	22,09	5	5
I am satisfied with my life.	1	7	5,36	1,29	24,07	6	6
So far, I have gotten the important things I want in life.	1	7	5,04	1,30	25,79	6	5
If I could live my life over, I would change almost nothing.	1	7	4,56	1,72	37,72	5	5
General happiness	2,2	7	5,00	0,98	19,6	5,60	5

Note: AM – arithmetic mean, SD – standard deviation, VC – variation coefficient, Mo – mode, Me - median

The participants in the sample appear to be more satisfied with their lives than average, as all the indicators in the table show (AM=5.00, Mo=5.60). When analysing the differences in life satisfaction in relation to the independent characteristics of the participants, a single characteristic proved to be significant. More specifically, as confirmed by the Mann-Whitney U test, education appeared to influence the differences in happiness levels among the young professionals in the study, as employees with a secondary school degree reported lower levels of happiness than employees with a university degree (U=408.500; p=0.026). Finally, the aim of the study was to investigate the relationship between WFH and life satisfaction. As confirmed by the Mann-Whitney U test (Table 5), the difference between the happiness level of

participants who have the WFH option available to them and those who do not is insignificant ($U=718,000$; $p=0.220$).

Table 5. Relationship between WFH and life satisfaction

Ranks					Test Statistics ^a	
	WFH option	N	Mean Rank	Sum of Ranks		Life satisfaction
Life satisfaction	No	30	39,43	1183,00	Mann-Whitney U	718,000
	Yes	57	46,40	2645,00	Wilcoxon W	1183,000
	Total	87			Z	-1,227
					Asymp. Sig. (2-tailed)	,220

a. Grouping Variable: WFH option

In addition, a Spearman correlation coefficient was calculated for the relationship between average life satisfaction and the average number of days working from home, which also proved to be non-significant and almost non-existent ($\rho=0.095$; $p=0.379$).

4. Discussion and conclusion

The study, which was conducted on a sample of predominantly young professionals with a business and economics background, found that two thirds of them use the WFH option, with more than a third of them doing so three or more days a week. At the same time, participants were asked to rate their life satisfaction, which was moderately high on average, although the latest World Happiness Report (Helliwell et al., 2024) shows that the Croatian population has an average level of happiness, with a decrease compared to the previous round of data collection. Given the profile of an average study participant, the moderately high level of happiness in our study is in line with the previously mentioned report, according to which people under the age of 30 in Croatia feel much happier than people aged 60 or more. However, the relationship between happiness and WHF was not significant and almost non-existent.

In the search for an explanation for these results, at least four reasons can be given. Firstly, WFH is usually introduced to address the WLB initiative. However, the introduction of WFH is only one aspect of measures that can improve employee wellbeing. The focus should be on the complementarity of flexible working with other policies that regulate the rights of parents and carers by providing care leave, early and preschool education and long-term care services (Dobrotić & Kovač, 2023), as well as educational/graduate leave or other types of leave that would allow younger workers to fulfil their non-work roles as well. Similarly, it is not enough just to offer the option of WFH – it needs to be encouraged at a more fundamental level, i.e. by promoting an organisational culture that is results-oriented and does not place a higher value on time spent in the company. There is also the possibility that younger generations of workers perceive the WFH option, like many other perks and benefits, as something to which they are entitled and as a working practise that is or should be standard practise nowadays.

Finally, a possible explanation for the results obtained could be that the boundary between employees' work and life is blurring, which can lead to work–life conflicts that in turn negatively

impact happiness levels. While technology supports WFH, employers should also encourage untethered time. Certain conditions must be met to enable WFH, such as personal control over working hours, workplace set-up, as well as negotiating with family members about the division of time, space and household tasks (Farell, 2022). In addition, employers should design health and safety measures specifically for WFH, as it has been shown that WFH can lead to massive fatigue, a deterioration in mental health and increased physical and musculoskeletal problems (Farell, 2022).

Although this study is not without limitations, mainly due to the size and nature of the sample and the cross-sectional nature, it may offer some useful insights into the world of flexible working and achieving happiness. The option of WFH is available to more and more workers, particularly following the outbreak of the Covid-19 pandemic and the resulting changes in the nature of work (Shifrin & Michel, 2021). However, in the post-pandemic period and in the coming years, work arrangements will need to be significantly revised. Organisations should consider the potential benefits of WFH for WLB and life satisfaction, while also weighing up the disadvantages (see Tan et al., 2024).

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