

Productivity Gains from Job Satisfaction in Europe

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This paper investigates the relationship between well-being in the working place and labour productivity in a novel dataset covering the business economies of 30 European countries. The dataset combines information on working conditions and on the structure and performance of businesses at the industry level. Data are sourced from representative surveys on individuals' working conditions and official structural business statistics. Regressions of labour productivity on measures of workplace well-being - job satisfaction and a multidimensional index of job quality - provide evidence that a link between the two variables operates at the aggregate level: industries where workers are on average happier have higher levels of labour productivity. An implication of this result is that well-being is not only desirable in itself, but it also contributes to the productivity of labour. This is not only of interest to firms, managers, and unions, but also to policy makers, as industry-level labour productivity is a source of aggregate productivity growth.