Your Job: Love it or Hate it?
The economics of job satisfaction

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Take this job and shove it

I ain't workin' here no more. My woman done left, An' took all the reasons I was workin' for. You better not to try to stand in my way, As I'm a walkin' out the door. Take this job and shove it, I ain't workin' here no more

I've been workin' in this fact'ry, For nigh on fifteen years. All this time, I watched my woman, Drownin' in a pool of tears. An' I've seen a lot of my good folk die, Had a lot of bills to pay. I'd give the shirt right off of my back, If I had the guts to say

- Well, that foreman, he's a regular dog, The line boss is a fool. Got a brand new flat-top haircut; Lord, he thinks he's cool. One of these days, I'm gonna blow my top, And sucker, he's gonna pay. Lord, I can't wait to see their faces, When I get the nerve to say:

Take this job and shove it
The Take this Job and Shove it Model

- Working for family
- Permanent tiresome work
- Low wages
- Nasty unintelligent bosses

Response: Quit
The Fortune 100 Best Companies in US

1. Genentech
2. Wegmans Food Markets
3. Valero Energy
4. Griffin Hospital
5. W.L. Gore & Associates

The Sunday Times 100 Best in UK

1. W L Gore & Associates
2. Sandwell Community Caring Trust
3. Pannone
4. Beaverbrooks the Jewellers
5. Data Connection
The Great Job model

Highly profitable – protected by intellectual property, non-profit
Create family/team environment
Often shared capitalist modes of pay + employment involvement in decisions
Very careful recruiting
Non-hierarchical open door management
Low turnover \(\rightarrow\) “voice” channels for dealing with problems
This Talk

1. Why do we care about job sat?
2. How do measure job sat?
3. Contribution of Workplace climate to job sat
4. Consequences of job sat – turnover, productivity, non-work outcomes
5. What workers/firms/unions can do to improve job sat

Side comments on interesting research we can do to illuminate job sat
1. Why Care about Job Satisfaction?

1) You care because job satisfaction is part of overall happiness and health.

ISSP surveys for 2002 (Family and Changing Gender Roles) ask about satisfaction with life; with family and job.

Simple regression of overall life satisfaction on job satisfaction and family satisfaction shows that family matters most, but job matters a lot, as well.

Positive correlation between job satisfaction and family satisfaction that has not been unpacked could be unobserved person could be family \( \leftrightarrow \) job
2. Your partner/family cares because you bring your job satisfaction or misery home. Work-life balance

No experimental evidence; can look at satisfaction and future break-ups in longitudinal surveys

3. Your colleagues care because you can make their life pleasant/miserable

“Going postal” – laid off or unhappy worker gets gun and shoots up workplace, regular event in US

CNN NEWS Tuesday, January 31, 2006
Seven dead in California postal shooting
Shooter turned gun on herself, authorities say
4. Your employer cares because could job satisfaction could $\rightarrow$ profits

lower quits $\rightarrow$ reduced turnover costs
more cooperative/peer monitoring $\rightarrow$ lowers
supervisor costs
accept lower pay – compensating differential
(Adam Smith: some jobs pay more than others bcs
of the "disagreeableness of the employments themselves")
more productive in standard production function sense
5. Social scientists care because can help predict behaviour and test theories of workplace

- quit rates & absenteeism & productivity
- desire for unions/other forms of representation
- non-work behavior
- theories of group activity, social capital
- principal agent models
- incentive models
But Job sat is dicey variable for economists bcs it is subjective

Objective variables allow for unambiguous comparisons – wages, yrs of schooling, employment status

Subjective variable involves interpersonal comparisons. My ecstasy is your eh

How can you justify subjective variable to “hard headed/hearted” economist?
By noting that job satisfaction is connected to objective behaviour. In face, it predicts some future behaviour better than objective variables. Analogy is with doctor asking “how are you feeling”? – more important than some “objective” tests

Much of job Sat/happiness literature treats them as outcomes of interest in own right. No problem as long as they are predictors

Market test: A 1996 review article estimated that by 1991 more than 12,400 studies had been published on job satisfaction so probably 15,000-20,000 now.
2. Measuring Job Satisfaction

Single question: How would you rate your satisfaction with your current job on a scale of 1 to 5 (5 being highest)?

Most people report in 4-5 highly or somewhat satisfied groups. But distribution varies across surveys and time and countries. Lowest in East European transition economies.
US surveys show different trends, 1995-2005

Conference Board study “U.S. Job Satisfaction Keeps Falling” (2005)

“Americans are growing increasingly unhappy with their jobs, The Conference Board reports today. The decline in job satisfaction is widespread among workers of all ages and across all income brackets. Half of all Americans today say they are satisfied with their jobs, down from nearly 60 percent in 1995.”

National Opinion Research Corporation yearly job satisfaction question on general social survey found NO CHANGE OVER SAME PERIOD, as does Gallup Poll
Multiple Question Detailed employee opinion surveys

Examples: academics -- Minnesota Satisfaction Questionnaire; business -- Mayflower Group of up to 50 US firms)

How satisfied are you:

...that your supervisor keeps you well informed about what's going on?
...that your views and participation are valued?
...with the morale of the people with whom you work?
...that your work gives you a feeling of personal accomplishment?
...that you receive appropriate recognition for your contributions?
...with the empowerment you have to influence the quality of your work?
...with the reasonableness of your work responsibilities?
...with your ability to balance family life and work life?
...that your compensation matches your responsibilities?
...with your job security?
...with the amount and frequency of informal praise and appreciation you receive from your supervisor?
Alternative ways of posing issue

1. Problems at work: factual rather than satisfied with – does employer make arbitrary decisions? Is there harassment?

2. Break measure into two parts:
   - How much “influence” do you want?
   - How much do you have?

   (This offers interpretation of union impact on satisfaction: union improves pay/ benefits/conditions but workers report lower job satisfaction and quit less. Why? They want more)

Biological markers
   - Saliva – measures of stress
   - Brain scans
UK Amicus Union
Short Questionnaire

Yes  No

Q1) I work in a safe and healthy workplace

Q2) I feel in control of my working environment

Q3) My job is secure

Q4) My job is interesting

Q5) I am treated with fairness and dignity at work

Q6) There is a trade union voice in my workplace
Bryson-Freeman Needs/Problems: O/1 count of several objective variables

UK BWRPS needs (mean = 3.58; variance = 15.72)  
US WERS needs (mean = 3.08; variance = 11.39)
3. Causes: People or workplaces?

Some individual factors – NLSY following people over time, get fixed effect.

Follow 12,516 people over 18 years

R-squared of 0.27 on individual fixed effects dummy variables

Some of this is probably genetic related to whatever affects happiness;

But socially interesting aspect is that job satisfaction is WORKPLACE related
Evidence of Workplace Effects: Citicorps Bank Branches

192 branches, many questions, 3482 workers, 18 items in this analysis, 2 years, 1994 and 1996

Branch effects have huge F stat 61.2 in ANOVA → “Happy and unhappy branches”

Newly hired workers adopt the attitudes that the branches exhibited before they arrived
Impact of 1994 Branch Attitude on 1996 Attitude, Low Tenure vs Higher Tenure Workers
Evidence of Workplace Effects:

WERS 1998

NEEDS
R-SQUARE FROM workplace dummies       .203
R-SQUARE FROM  demog + job measures  .107
R-SQUARE FROM workplace dummies +
   demog + job measures       .256
   (Based on 25,451 workers in 1,759 workplaces).

Needs measured from diverse questions; Bryson
& Freeman
Evidence of Workplace Effects
WERS 2004

Satisfaction/Needs Scalar Measure
based on 22 questions

R-SQUARE from workplace dummies .203

Based on 22,451 workers in 1,732 workplaces
22 questions: 8 are satisfaction; 4 are about
management informing workers; 10 trust
management/management labor relations
Job Changing restores satisfaction

![Bar chart showing job changing satisfaction over time. The chart compares quitting for a new job, quitting for other reasons, and involuntary leavers. The x-axis represents time in years (-2 yrs, -1 yrs, 0 yr, 1 yr, 2 yr), and the y-axis represents satisfaction levels ranging from 0 to 3.5. Each category shows a comparison between the three different reasons for leaving.]
What your partner/kids care about:
Stressful jobs and Marital problems

No studies of what happens to family situation when unhappy worker changes job
4. Consequences of Job Satisfaction

Lower turnover is universal finding

Most studies are “intent to leave” bcs of cross section data
But we now have many longitudinal studies that show effect over time.

Less absences is also fairly universal
Do Satisfied Workers/Workplaces Produce More?

Moderate evidence for individuals but need meta-statistics to find it. Most recent analyses give larger impacts.

Moderate evidence for workplaces

Hypothesis:
Stronger across workplaces than within
Satisfied workplace → output
Satisfied worker within unhappy workplace does not have much effect
Happy Nonproductive Workers
Studies of Positive Affect and Creativity

Ask people to give their state of mind at different times of day; someone rates their creativity over different time periods.

Mixed bag of outcomes so people are looking for moderator variables

Do you want to hire someone slightly weird and unhappy bcs they will be more creative?
If they get happy will they lose creative drive?
Some evidence that want people with schizophrenic relatives
What Policies can \(\rightarrow\) happier and more productive work place

US data suggest that “shared capitalist” modes of pay – profit-sharing/gain-sharing/employee stock ownership affects worker well-being and job satisfaction. Also general finding that these systems \(\rightarrow\) higher productivity.

But no effort to see if job satisfaction is key intermediate variable.

But UK WERS data less uncertain that mode of pay affects worker well-being.
To improve job sat/productivity firms need to use employee opinion surveys more creatively

40% to 50% of US firms use opinion surveys, but they are not well used; treated as opinion poll

Should treat them as diagnostic tool
- Treat work units as observation
- Need before/after on new employees
get measure of attitudes before they start work
- Seek cause of problems: supervisor or workplace culture?
- Find specific questions and responses most related to output
- EXPERIMENT with workplace interventions
What can worker do?

If you have market power, threaten to leave and confront employer
If you don’t have market power, form organization and threaten to act and confront employer
Buy some shares of firm and use them as tool for voicing problems
What can union do?

- Conduct own employee opinion survey
- Offer web site “what it’s really like working at X”
- Confront management with business plan to improve – pro-active rather than “we grieve afterwards”
The Worklife Wizard Research Effort

Begun by Dutch, expanded to many countries including UK
US version will focus on workplace issues using module approach
Inexpensive bcs web based, but problems of representativeness
Provide reasonable benchmark for firms