



## NEW REPORT: Happy workers are more productive

A new report to be published on [IZA World of Labor](http://www.iza.org) tomorrow Thursday 15 December summarizes the latest research indicating that a rise in workers' happiness leads to an increase in productivity; and companies would profit from investment in their employees' well-being

Large companies have recently highlighted the importance of employee well-being in their company profiles. For example, Lara Harding, people program manager at Google, remarks that: "At Google, we know that health, family and well-being are an important aspect of Googlers' lives. We have also noticed that employees who are happy demonstrate increased motivation."

Until recently scientific evidence for a link between employee well-being and company performance has been sparse. In this new IZA World of Labor report the economist Dr Eugenio Proto, of the University of Warwick's Department of Economics and Centre for Competitive Advantage in the Global Economy (CAGE), summarizes the latest research that shows a positive correlation between a rise in happiness and an increase in productivity. Finding causal relations between employee well-being and company performance is important for firms to justify spending corporate resources to provide a happier work environment for their employees. Proto believes "the available evidence suggests that companies can be encouraged to introduce policies to increase employee happiness."

Proto cites a number of studies that uncovered evidence that happiness leads to greater creativity, and that job satisfaction is positively correlated with worker productivity. Other studies show that happy people—defined as people who frequently experience positive emotions like joy, satisfaction, contentment, enthusiasm, and interest—are more likely to succeed in their career. For example, adolescent Americans who are "happier" end up with higher incomes several years later in life.

These findings have several implications for company practice and for research. First, if happiness in a workplace carries with it a return in terms of enhanced productivity, there are enormous implications for firms' promotion policies and for the way they structure their internal labor markets. For example, managers could be rewarded on the basis of employees' job satisfaction.

Second, Proto suggests a win-win situation for everyone: "the effect running from happiness to productivity raises the possibility of self-reinforcing spirals—ones that might even operate at a macroeconomic level. Happiness might lead to greater productivity in an economy, and that might in turn result in greater well-being in the population."

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### Notes for editors:

IZA World of Labor (<http://wol.iza.org>) is a global, freely available online resource that provides policy makers, academics, journalists, and researchers, with clear, concise and evidence-based knowledge on labor economics issues worldwide.

The site offers relevant and succinct information on topics including diversity, migration, minimum wage, youth unemployment, employment protection, development, education, gender balance, labor mobility and flexibility among others.

Established in 1998, the Institute of Labor Economics ([www.iza.org](http://www.iza.org)) is an independent economic research institute focused on the analysis of global labour markets. Based in Bonn, it operates an international network of about 1,300 economists and researchers spanning more than 45 countries.