

Chapter 6

HAPPINESS AT WORK

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Introduction

Happiness is typically defined by how people experience and evaluate their lives as a whole.¹ Since the majority of people spend much of their lives at work, it is critically important to gain a solid understanding of the role that employment and the workplace play in shaping happiness for individuals and communities around the world.

In this chapter, we focus largely on the role of work and employment in shaping people's happiness, and investigate how employment status, job type, and workplace characteristics relate to measures of subjective wellbeing. Nevertheless, it is important to note from the onset that the relationship between happiness and employment is a complex and dynamic interaction that runs in both directions. Recent research shows that work and employment are not only drivers of happiness, but that happiness can also itself help to shape job market outcomes, productivity, and even firm performance.²

The overwhelming importance of having a job for happiness is evident throughout the analysis, and holds across all of the world's regions. When considering the world's population as a whole, people with a job evaluate the quality of their lives much more favorably than those who are unemployed. The importance of having a job extends far beyond the salary attached to it, with non-pecuniary aspects of employment such as social status, social relations, daily structure, and goals all exerting a strong influence on people's happiness.

The importance of employment for people's subjective wellbeing shines a spotlight on the misery and unhappiness associated with being unemployed. In this chapter, we delve into unemployment and build on the existing research literature to show empirically that individuals do not adapt over time to becoming unemployed and that unemployment can even have a "scarring" effect after regaining employment.

The data also show that high unemployment has spillover effects, and negatively affects everyone—even those who are employed. These results are obtained at the individual level but they also come through at the macroeconomic level, with national unemployment levels correlating negatively with average national wellbeing across the world.

We also consider how happiness relates to the types of job that people do. The overarching finding on job type is that data from around the globe reveal an important difference in how blue-collar and white-collar jobs are related to happiness. Even when accounting for any relevant covariates between these two broad categories of job type, we find that blue-collar labor is systematically correlated with lower levels of happiness, and that this is true of all labor-intensive industries such as construction, mining, manufacturing, transport, farming, fishing, and forestry.

In addition to considering happiness differentials between broad categories of job type, we also study job quality by focusing on more specific workplace characteristics and how they relate to employees' happiness. As might be expected, we find that those in well-paying jobs are happier and more satisfied with their lives and their jobs, but a number of further aspects of people's jobs are strongly predictive of varied measures of. Work-life balance emerges as a particularly strong predictor of people's happiness. Further factors include job variety and the need to learn new things, as well the level of individual autonomy enjoyed by the employee. Moreover, job security and social capital (as measured through the support one receives from fellow workers) are also positively correlated with happiness, while jobs that involve risks to health and safety are generally associated with lower levels of subjective wellbeing.

The data used in this chapter are drawn mainly from the Gallup World Poll, which covers over 150 countries worldwide and is representative of

98% of the world's population. Nationally representative samples of people for these countries have been surveyed for most years beginning in 2006. These surveying efforts allow the analyses reported in this chapter to incorporate hundreds of thousands of individual responses that enable us to investigate how employment status and job type measures relate to the wellbeing of respondents. The Gallup World Poll is complemented by the European Social Survey for the analysis of how more specific workplace characteristics relate to happiness, and the German Socio-Economic Panel is used to illustrate dynamics surrounding unemployment and happiness over time.

For the sake of ease, we use the terms happiness and wellbeing interchangeably. However, important differences exist between the different elements that make up subjective wellbeing, and how these relate to employment characteristics. Such differences are captured in this chapter by systematically using a number of measures: life evaluation (by way of the Cantril “ladder of life”³), positive⁴ and negative⁵ affect to measure respondents’ experienced positive and negative wellbeing, as well as the more domain-specific items of job satisfaction⁶ and employee engagement⁷. We find that these diverse measures of subjective wellbeing correlate strongly with each other, but that there are nevertheless important differences in how they relate to aspects of work and employment. For example, we find that being self-employed is associated with higher overall life evaluation in most developed nations, but that self-employment is also associated with the heightened experience of negative emotions such as stress and worry.

We conclude the chapter by emphasizing the main results and by suggesting a number of possible subsequent avenues for researchers and policy-makers to consider. Given the importance of employment for happiness, it is evident that even more weight ought to be given to fostering employment, as well as protecting people against the damaging effects of joblessness.

Moreover, policies that promote high quality jobs could be stimulated by, for example, incentivizing employers who provide jobs with working conditions that are conducive to people’s wellbeing. The results reported in this chapter provide new empirical evidence for such policies in a global context.

Employment Status and Subjective Wellbeing Around the World

In Figure 6.1 we present differences in the self-reported wellbeing of individuals around the world according to whether or not they are employed. The bars measure the subjective wellbeing of individuals of working age⁸ who are employed (either for an employer or for themselves regardless of whether they work full-time or part-time) and those who are currently unemployed. In all cases where we present either global or regional averages such as these, we weight the averages by national population.⁹ As can be seen, the difference in average subjective wellbeing between having and not having a job is very large indeed. This is the case regardless of whether one considers wellbeing measures that gauge life evaluation or positive and negative affective states. In fact, the employed evaluate the quality of their lives around 0.6 points higher on average as compared to the unemployed on a scale from 0 to 10. Equally noteworthy is that individuals who are unemployed report approximately 30 percent more negative affective experiences as compared to individuals that are employed. The notion that employment matters greatly for the wellbeing of individuals is one of the most robust results to have come out of the economic study of human happiness.¹⁰

Figure 6.1: Subjective Wellbeing and Employment Status

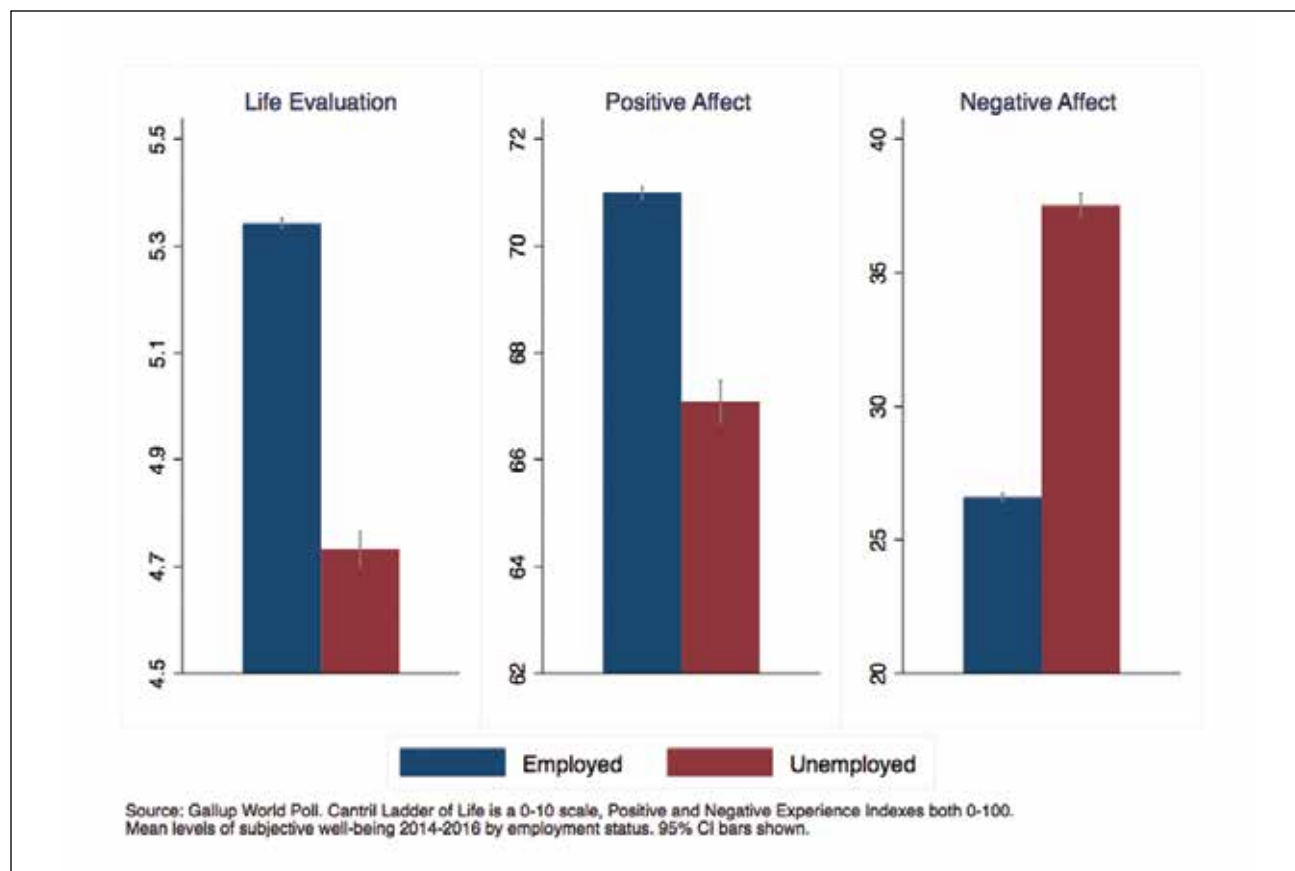


Figure 6.1 presents simply the raw wellbeing differentials between those in and out of work. These descriptive statistics are corroborated in the regression analyses, which break employment status into finer categories and consider men and women as well as different regions separately. Here we are able to control for a number of additional variables in a multivariate regression analysis that may be related to both labor market outcomes as well as subjective wellbeing. These are gender, age (and its squared term), level of education, (the natural logarithm of) income, marital status, and household composition. These variables are included in order to avoid so-called ‘omitted variable bias,’ in case these demographic variables might be driving both employment and happiness and thus lead us to false conclusions on the relation-

ship between work and wellbeing. Moreover, these regressions incorporate country and year fixed-effects in order to account for the many political, economic, and cultural differences between countries as well as year-to-year variation that would otherwise cloud our interpretation of the relationship between employment and happiness.

In all of our regression analyses throughout the chapter, we standardize the various outcome variables such that they each have a mean of 0 and a standard deviation of 1 in the whole sample. This enables us to more easily compare the magnitude of the coefficients across the different outcomes. The coefficients on each of the employment status indicator variables in Table 6.1 estimate the difference in standard

deviation units of each of the three outcome variables (life evaluation, positive affect, and negative affect) associated with holding that status, as compared to being employed full-time for an employer, controlling for income as well as the other demographic variables noted above.

As can be seen, the unemployed evaluate the overall state of their lives less highly on the Cantril ladder, and experience more negative emotions in their day-to-day lives as well as fewer positive ones. These are among the most widely accepted and replicated findings in the science of happiness.¹¹ Here, income is being held constant along with a number of other relevant covariates, showing that these unemployment effects go well beyond the income loss associated with losing one's job.¹²

While we are able to control for a number of confounding variables in this analysis, one further important methodological concern is the possibility of so-called 'reverse causality.' Indeed, there is some evidence that the relationship between employment and happiness is dynamic in nature and may run in both directions. That is to say that happier individuals may be somewhat more likely to obtain employment in the first place or that unhappy people may be more likely to lose their jobs.¹³ This means that the cross-sectional results reported in this chapter—and much of the related literature—cannot be interpreted causally and require this important caveat. Nevertheless, while this important methodological proviso needs to be noted, a number of studies have shown that the damaging effects of unemployment remain large in within-person longitudinal analyses, which hold constant an individual fixed effect,¹⁴ while others have leveraged external employment shocks—namely plant closures—to further demonstrate the causal effects of unemployment on subjective wellbeing.¹⁵

If unemployment is so bad, what about part-time work? As one might expect, much depends here

on whether one actually wants to work any more hours. If the respondent is underemployed—that is, is seeking to work more hours than they currently do—then, in line with intuition, there remains some scope for happiness gains through increasing their employment. This is not the case for individuals who report actually preferring to be part-time employed. In fact, part-time employed individuals who do not seek more hours of work report greater happiness and less negative experiences (such as stress and worry) as compared to full-time employed people, controlling for income and other confounding variables. As will be noted later, this particular finding applies mostly to women rather than men.

Being self-employed has a complex relationship to wellbeing.¹⁶ While the global data indicate that self-employment is generally associated with lower levels of happiness as compared to being a full-time employee, the follow-up analyses reported later in this chapter show that this very much depends on the region of the world that is being considered as well as which measure of subjective wellbeing is under consideration.

In Figure 6.2 and Table 6.2 we investigate whether the relationship between employment and wellbeing varies by gender. Being of working age and out of the labor force has a different effect on the subjective wellbeing of men and women. The data suggest that not participating in the labor market (for example by being a stay-at-home parent, being out of the labor force through disability, or being retired) is worse for the happiness of men than it is for women. Both men and women of working age who are out of the labor force evaluate their lives more negatively than those in full-time work, but the effect is much stronger for men. Moreover, while men in this situation experience higher negative and lower positive affect, there is no statistically significant difference between the daily emotional experiences of women who are out of the labor force and those who are full-time employees.

Table 6.1: Subjective Wellbeing and Employment Status

	(1)	(2)	(3)
	Life Evaluation	Positive Affect	Negative Affect
Employment (v. employed full-time for employer)			
Employed Full-Time for Self	-0.018*** (0.005)	0.008 (0.006)	0.018*** (0.006)
Employed Part-Time (does not want more hours)	0.048*** (0.006)	0.017*** (0.006)	-0.021*** (0.006)
Employed Part-Time (would like more hours)	-0.096*** (0.007)	-0.016*** (0.006)	0.089*** (0.007)
Out of Labor Force	-0.045*** (0.005)	-0.024*** (0.006)	0.022*** (0.008)
Unemployed	-0.236*** (0.008)	-0.100*** (0.008)	0.207*** (0.008)
Control Variables			
Household Income (ln)	0.218*** (0.005)	0.124*** (0.004)	-0.118*** (0.003)
Education: Medium (vs. low)	0.159*** (0.005)	0.103*** (0.006)	-0.080*** (0.006)
Education: High	0.308*** (0.007)	0.215*** (0.008)	-0.118*** (0.008)
Marital Status: Married (vs. single)	0.046*** (0.004)	0.016*** (0.004)	-0.024*** (0.004)
Marital Status: Divorced/Separated	-0.091*** (0.006)	-0.109*** (0.006)	0.121*** (0.006)
Marital Status: Widowed	-0.089*** (0.008)	-0.133*** (0.008)	0.148*** (0.008)
Female	0.082*** (0.003)	0.012*** (0.004)	0.072*** (0.004)
Age	-0.019*** (0.001)	-0.024*** (0.001)	0.021*** (0.001)
Age ²	0.000*** (0.000)	0.000*** (0.000)	-0.000*** (0.000)
Children in Household	-0.031*** (0.004)	-0.016*** (0.004)	0.032*** (0.003)
Adults in Household	-0.008*** (0.001)	-0.008*** (0.001)	0.010*** (0.001)
Country + Year FEs	Yes	Yes	Yes
Observations	848594	817339	805839
R-squared	0.084	0.032	0.032
Countries	162	162	162

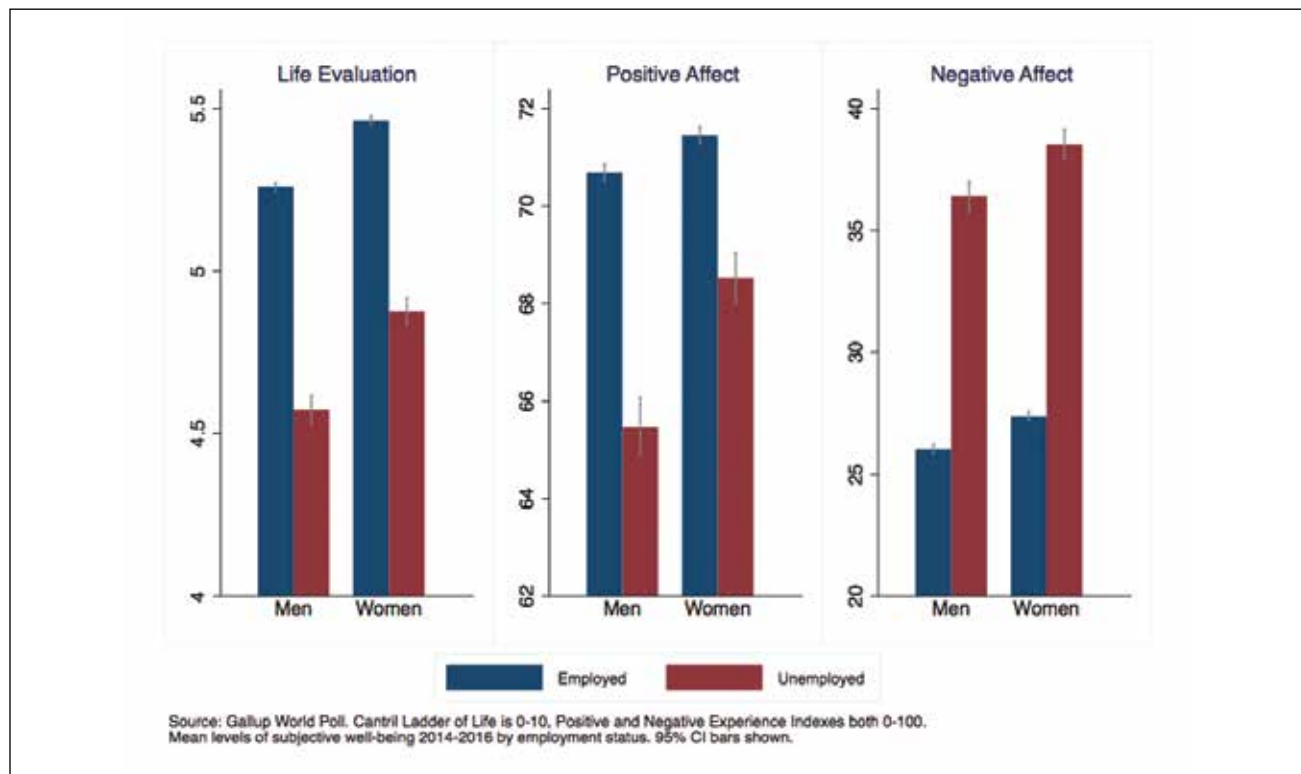
Standard errors in parentheses adjusted for clustering at the country level. Outcome variables are standardized to have mean=0 and SD=1. Sample is 21-60 year olds. p < * 0.1 ** p < 0.05 *** p < 0.01.

Table 6.2: Subjective Wellbeing and Employment Status by Gender

	Life Evaluation		Positive Affect		Negative Affect	
	Men	Women	Men	Women	Men	Women
Employment (v. employed full-time for employer)						
Employed Full-Time for Self	-0.024*** (0.006)	-0.009 (0.006)	0.008 (0.007)	0.011 (0.007)	0.018** (0.007)	0.018** (0.007)
Employed Part-Time (does not want more hours)	0.025*** (0.009)	0.064*** (0.007)	0.005 (0.008)	0.035*** (0.007)	-0.000 (0.008)	-0.044*** (0.008)
Employed Part-Time (would like more hours)	-0.120*** (0.008)	-0.072*** (0.008)	-0.028*** (0.008)	0.002 (0.008)	0.094*** (0.009)	0.079*** (0.008)
Out of Labor Force	-0.092*** (0.006)	-0.027*** (0.005)	-0.069*** (0.007)	0.003 (0.006)	0.078*** (0.009)	-0.008 (0.008)
Unemployed	-0.281*** (0.009)	-0.201*** (0.009)	-0.145*** (0.010)	-0.055*** (0.008)	0.217*** (0.010)	0.195*** (0.009)
Country + Year FEs	Yes	Yes	Yes	Yes	Yes	Yes
Observations	394629	453965	377950	439389	372192	433647
R-squared	0.084	0.084	0.033	0.033	0.026	0.032
Countries	162	162	162	162	162	162

Standard errors in parentheses adjusted for clustering at the country level. Outcome variables are standardized to have mean=0 and SD=1. Further controls: log income, education level, marital status, household composition, gender, age and its square. Sample is 21-60 year olds. p < * 0.1 ** p < 0.05 *** p < 0.01.

Figure 6.2: Subjective Wellbeing and Employment Status by Gender



In line with the existing body of research, the results indicate that unemployment is devastating for the wellbeing of both men and women. Nevertheless, the effects of joblessness tend to be felt more strongly by men. One further notable gender difference regards part-time work. Women who work part-time but who do not wish for any more hours experience fewer negative affective states (such as stress and worry) in their day-to-day lives and more positive ones as compared to full-time employed women, whereas the same is not the case for men.

In Figure 6.3 and Table 6.3 we investigate whether the relationship between employment and wellbeing varies by world region.¹⁷ As can be seen in Figure 6.3, across all of the world

regions, we find that individuals in employment generally report higher life evaluation and positive affect than those who are unemployed. The unemployed also report more negative affective experiences across all regions around the world. The magnitude of the regression coefficients on being unemployed reported in panel A of Table 6.3 does, however, indicate that the strength of the relationship to life evaluation is less pronounced in South Asia and Southeast Asia. Furthermore, panel B in Table 6.3 shows that for these two regions there does not appear to be a statistically significant relationship between unemployment and positive affective experiences, although panel C in Table 6.3 notes a significantly higher level of negative affective experiences.

Figure 6.3: Subjective Wellbeing and Employment Status by World Region

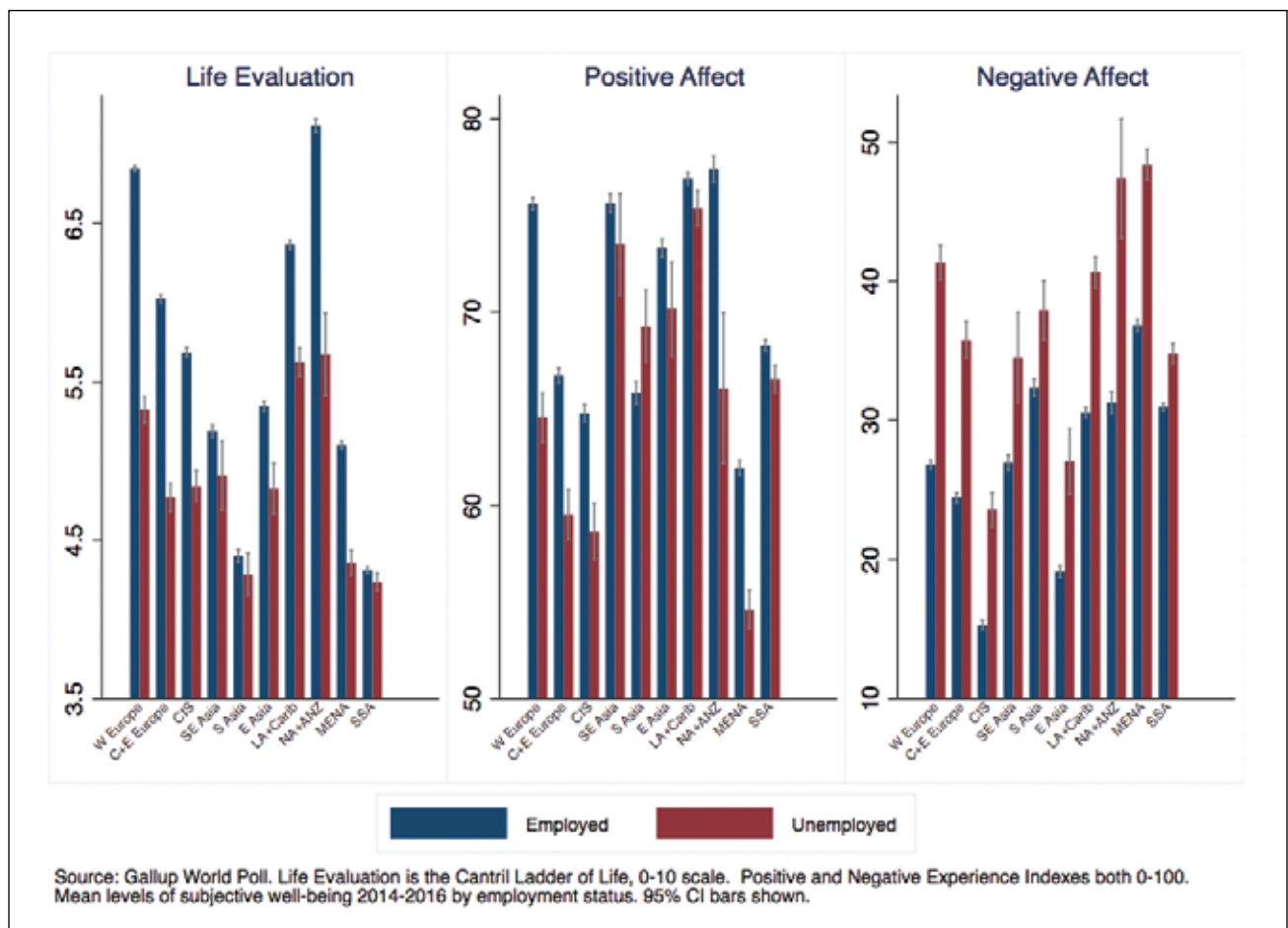


Table 6.3: Subjective Wellbeing and Employment Status Around the World

	W Europe	C+E Europe	CIS	SE Asia	S Asia	E Asia	LA + Carib	NA+ANZ	MENA	SSA
Panel A: Life Evaluation										
Employment (v. employed full-time for employer)										
Employed Full-Time for Self	0.019** (0.008)	0.083*** (0.014)	0.030* (0.016)	0.018 (0.019)	-0.008 (0.028)	0.025** (0.011)	-0.092*** (0.011)	0.022 (0.020)	-0.001 (0.013)	-0.051*** (0.012)
Employed Part-Time (does not want more hours)	0.066*** (0.011)	0.070*** (0.019)	0.062*** (0.015)	0.063** (0.025)	0.026 (0.057)	0.106*** (0.015)	0.018 (0.019)	0.080*** (0.022)	0.090*** (0.014)	-0.017 (0.014)
Employed Part-Time (would like more hours)	-0.174*** (0.012)	-0.135*** (0.020)	-0.014 (0.019)	-0.012 (0.023)	-0.108* (0.055)	-0.002 (0.027)	-0.148*** (0.016)	-0.214*** (0.030)	-0.108*** (0.016)	-0.085*** (0.012)
Out of Labor Force	-0.126*** (0.013)	-0.068*** (0.012)	-0.011 (0.010)	0.019 (0.016)	0.005 (0.036)	0.011 (0.014)	-0.048*** (0.012)	-0.171*** (0.025)	-0.017 (0.010)	-0.087*** (0.014)
Unemployed	-0.396*** (0.014)	-0.306*** (0.023)	-0.187*** (0.021)	-0.113*** (0.030)	-0.095* (0.047)	-0.180*** (0.025)	-0.257*** (0.018)	-0.434*** (0.041)	-0.258*** (0.016)	-0.156*** (0.016)
Observations	125659	78228	72053	47723	62986	52100	98357	18043	136099	156412
R-squared	0.115	0.160	0.087	0.071	0.122	0.133	0.064	0.110	0.081	0.074
Panel B: Positive Affect										
Employment (v. employed full-time for employer)										
Employed Full-Time for Self	0.006 (0.014)	0.033* (0.018)	0.006 (0.018)	0.023 (0.018)	0.017 (0.025)	0.061*** (0.013)	-0.034*** (0.011)	0.038* (0.021)	-0.012 (0.016)	-0.010 (0.010)
Employed Part-Time (does not want more hours)	0.016 (0.012)	0.045** (0.021)	0.060*** (0.019)	0.094*** (0.025)	-0.026 (0.031)	0.070** (0.033)	-0.007 (0.016)	0.048 (0.031)	-0.002 (0.018)	-0.038*** (0.013)
Employed Part-Time (would like more hours)	-0.058*** (0.012)	-0.072*** (0.024)	0.006 (0.021)	0.082*** (0.023)	-0.010 (0.058)	0.077*** (0.017)	-0.043*** (0.012)	0.009 (0.034)	-0.056*** (0.017)	-0.027** (0.012)
Out of Labor Force	-0.073*** (0.012)	0.027* (0.015)	-0.021 (0.015)	0.026 (0.022)	0.036 (0.031)	0.030* (0.017)	-0.018 (0.012)	-0.083*** (0.018)	-0.043*** (0.013)	-0.087*** (0.013)
Unemployed	-0.112*** (0.016)	-0.077*** (0.024)	-0.102*** (0.028)	0.013 (0.033)	-0.076 (0.051)	-0.074** (0.028)	-0.058*** (0.014)	-0.124*** (0.040)	-0.231*** (0.020)	-0.078*** (0.015)
Observations	113004	78759	73044	47369	63685	49783	99432	15098	120161	156067
R-squared	0.027	0.082	0.058	0.020	0.058	0.033	0.020	0.027	0.038	0.028
Panel C: Negative Affect										
Employment (v. employed full-time for employer)										
Employed Full-Time for Self	0.084*** (0.013)	0.055*** (0.014)	0.033** (0.014)	-0.043** (0.019)	-0.081*** (0.019)	0.001 (0.009)	0.027** (0.013)	0.100*** (0.027)	0.037** (0.015)	-0.012 (0.010)
Employed Part-Time (does not want more hours)	-0.025* (0.014)	0.035* (0.019)	0.021 (0.016)	-0.091*** (0.023)	-0.047 (0.035)	-0.050*** (0.018)	-0.084*** (0.016)	-0.088** (0.032)	-0.051*** (0.017)	-0.008 (0.013)
Employed Part-Time (would like more hours)	0.146*** (0.014)	0.136*** (0.021)	0.050*** (0.018)	-0.007 (0.024)	0.047 (0.031)	-0.007 (0.033)	0.104*** (0.013)	0.184*** (0.034)	0.108*** (0.020)	0.058*** (0.013)
Out of Labor Force	0.147*** (0.022)	0.066*** (0.014)	0.057*** (0.012)	-0.063*** (0.018)	-0.111*** (0.027)	-0.004 (0.016)	-0.041*** (0.012)	0.244*** (0.027)	-0.029** (0.014)	0.011 (0.012)
Unemployed	0.260*** (0.025)	0.241*** (0.023)	0.176*** (0.023)	0.163*** (0.049)	0.187*** (0.043)	0.207*** (0.031)	0.205*** (0.018)	0.377*** (0.051)	0.249*** (0.019)	0.111*** (0.013)
Observations	113004	78759	73044	47369	63685	49783	99432	15098	111485	153243
R-squared	0.041	0.052	0.031	0.026	0.054	0.027	0.042	0.050	0.036	0.041

Standard errors in parentheses adjusted for clustering at the country level. Outcome variables are standardized to have mean=0 and SD=1. Further controls: log income, education level, marital status, household composition, gender, age and its square. Sample is 21-60 year olds. $p < * 0.1$ ** $p < 0.05$ *** $p < 0.01$.

All models include country and year FEs.

In terms of self-employment, the results reveal an interesting reversal across regions. Being self-employed tends to be associated with higher life evaluation and positive affect (as compared to being a full-time employee) across Europe, North America, Australia, New Zealand, the Commonwealth of Independent States, and East Asia. However, individuals that are self-employed in Latin America, the Caribbean, and Sub-Saharan Africa tend to report lower life evaluation and less positive affective experience. Interestingly, however, although in some regions self-employment is associated with higher levels of life evaluation, most regions do converge in terms of showing that employing oneself and running one's own business is generally associated with the experience of more negative emotions such as stress and worry.¹⁸

Unemployment Dynamics and Spillovers

Unemployment is damaging to people's happiness, but how short-lived is the misery associated with being out of work? People tend to adapt to many different circumstances, and unemployment may well be one of them. If the pain is only fleeting and people quickly get used to being unemployed, then we might see joblessness as less of a key public policy priority in terms of happiness. However, a number of studies have demonstrated that people do not adapt much, if at all, to being unemployed.¹⁹ We cannot show this dynamic using the Gallup World Poll, which provides repeated snapshots of countries across the world, but we can instead look to longitudinal data from the German Socio-Economic Panel, which has each year since 1984 surveyed and re-surveyed the same large random sample of the German population.

We are interested in two issues here: adaptation and scarring. First, in Figure 6.4 we investigate whether people adapt to being jobless as they spend longer and longer out of work.²⁰ As can

be seen, there is a large initial shock to becoming unemployed, and then as people stay unemployed over time their levels of life satisfaction remain low. A second issue is scarring: several studies have shown that even once a person becomes re-employed, the prior experience of unemployment leaves a mark on his or her happiness. Comparing people who are both in work, those who have recently experienced a bout of unemployment are systematically less happy than those who have not.²¹

Figure 6.4: Adaptation to Spells of Unemployment



As we have seen, being out of a job is detrimental to the subjective wellbeing of the unemployed themselves. What about everyone else? A further canonical finding in the literature on unemployment and subjective wellbeing is that there are so-called “spillover” effects.²² As we will see in more detail below when we come to examine the effects of specific job characteristics, job security is a key driver of subjective wellbeing.²³ High levels of unemployment can have an indirect effect on those who remain in work, as they increase fear and heighten the sense of job insecurity. Poor labor market conditions tend to signal to those in work that layoffs are relatively commonplace and that they may well be next in line to lose their jobs.²⁴

Table 6.4: Social Comparison Effects of Unemployment

	Life Evaluation		Positive Affect		Negative Affect	
	Men	Women	Men	Women	Men	Women
Unemployed	-0.298*** (0.015)	-0.236*** (0.013)	-0.176*** (0.015)	-0.073*** (0.013)	0.276*** (0.014)	0.240*** (0.014)
Unemployment Rate	-0.449*** (0.066)	-0.154*** (0.047)	-0.014 (0.061)	-0.006 (0.041)	0.080 (0.062)	-0.058 (0.045)
Unemployed * Unemployment Rate	0.209** (0.087)	0.199*** (0.060)	0.219** (0.096)	0.091 (0.056)	-0.425*** (0.089)	-0.218*** (0.057)
Country + Year FEs	Yes	Yes	Yes	Yes	Yes	Yes
Observations	394555	453285	377876	438738	372132	433055
R-squared	0.085	0.084	0.033	0.033	0.027	0.032
Countries	162	162	162	162	162	162

Standard errors in parentheses adjusted for clustering at the country level. Outcome variables are standardized to have mean=0 and SD=1. Further controls: log income, education level, marital status, household composition, gender, age and its square. Sample is 21-60 year olds. p < * 0.1 ** p < 0.05 *** p < 0.01.

We can investigate this by turning our attention back to the Gallup World Poll data. We can see in Table 6.4 that, controlling for one’s own employment status, the unemployment of one’s peers enters negatively into a subjective wellbeing equation. The unemployment rate is calculated here as the fraction of the labor force unemployed within the respondent’s gender, age group (20s, 30s, and so on), country, and year. The negative effect of peers’ joblessness can be seen in columns 1 and 2, with the comparison unemployment rate having a negative effect on life evaluation. An interesting new finding here, however, is that while the overall evaluative subjective wellbeing of those who are not unemployed seems to be negatively affected by others’ unemployment, their day-to-day experience of life does not seem to be similarly affected in models 3-6 which investigate effects on positive and negative affect.

Although higher unemployment rates have negative spillovers for those still in work, the third row of Table 6.4 shows the opposite may be true for those who are out of work. This so-called “social norm” effect has been widely

shown in the literature.²⁵ For the unemployed, the individual effects of unemployment are less strongly felt in situations where the local unemployment rate is higher, as in areas of high unemployment the social stigma of unemployment may be lessened while it may also be easier to find social contacts. Much of the existing evidence is focused on a handful of countries and finds significant effects only for men. We are able to show here in a worldwide sample that this social norm effect is present for both men and women: unemployed people evaluate their lives less negatively on the Cantril ladder, the higher the comparison unemployment rate. They also experience fewer negative and more positive emotions in their day-to-day lives. It is worth noting, however, that even at conventionally high levels of unemployment, the overall effect of being unemployed on the individual is still very much negative across all three measures of subjective wellbeing.

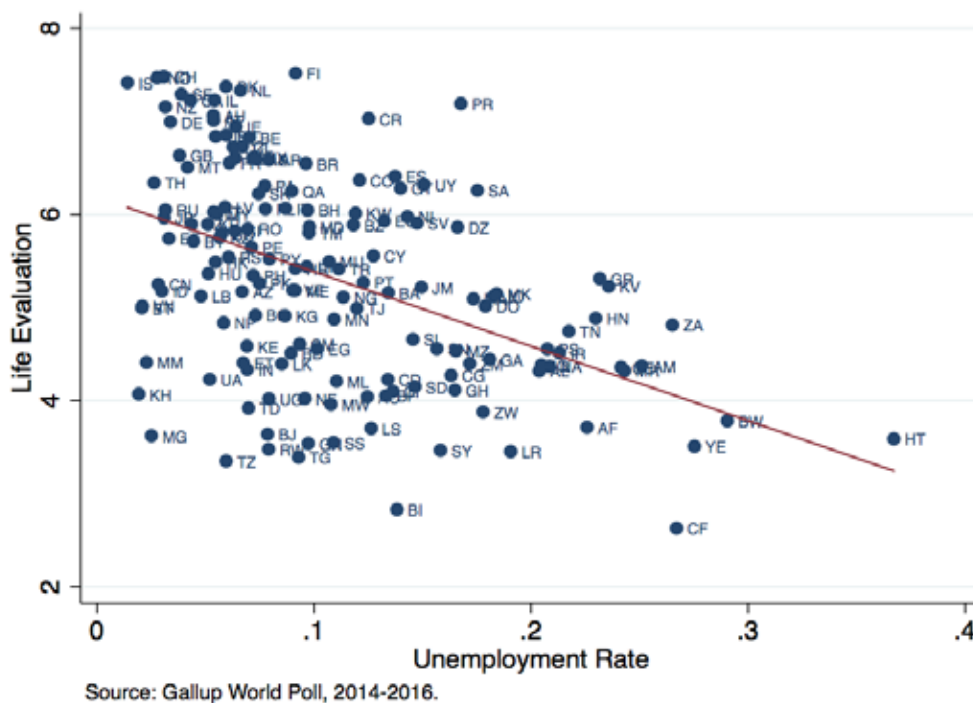
Our analyses have thus described the damaging effects of unemployment on the individual as well as the negative spillover effects on those around them. This raises the question of whether

these broadly negative effects of unemployment also show up in the macroeconomic data. High levels of unemployment have an indirect effect on those who remain in work because they heighten the sense of job insecurity, since generally poor labor market conditions signal to those in work that redundancies are relatively commonplace. If this is the case, we may be able to detect this in the relationship between the unemployment rate and the average wellbeing in a society. Figure 6.5 shows a scatterplot that maps average wellbeing for most countries in the world against their unemployment rate.²⁶

Although any such bivariate treatment of the relationship between national wellbeing and unemployment is necessarily limited in nature, in line with the analyses that focus on the

individual impact of falling unemployed we find a generally negative correlation between unemployment rates and societal wellbeing at the national level. In an online appendix (Figure A6.8), the same cross-sectional relationship is reported by world region. These regional results mostly corroborate the generally negative relationship between national unemployment and subjective wellbeing, with the exceptions of Southeast Asia and Sub-Saharan Africa. The global relationship depicted in Figure 6.5 is not only found in most regions, but is also present across the entities that make up large nations. For example, it has analogously been shown that this cross-sectional relationship between unemployment rates and average wellbeing is also found when considering the separate states that make up the United States of America.²⁷

Figure 6.5: Unemployment Rates and National Levels of Subjective Wellbeing



Subjective Wellbeing and Job Type

In addition to investigating the importance of having a job, the data also allow us to ask whether different types of jobs are associated with higher or lower levels of subjective wellbeing. The availability of eleven different job types in the Gallup World Poll allows us to gain a sense for which types of employment are more or less associated with happiness across the world. The available categories cover many kinds of jobs, including being a business owner, office worker, or manager, and working in farming, construction, mining, or transport.

Figure 6.6 represents the descriptive data on how these varied broad job types relate to our three main measures of subjective wellbeing—life evaluation, positive affect, and negative affect. The overarching finding here is that the global data reveal an important difference in how blue-collar and white-collar work are related to happiness (also when controlling for any differences in income, as shown below). We find that labor-intensive work is systematically correlated with less happiness and this is the case across a number of labor-intensive industries such as construction, mining, manufacturing, transport, farming, fishing, and forestry. In fact, people around the world who categorize themselves as a manager, an executive, an official, or a professional worker evaluate the quality of their lives at a little over 6 out of 10 whereas people working in farming, fishing, or forestry evaluate their lives around 4.5 out of 10 on average. A very similar picture is obtained when considering not only life evaluation but also the day-to-day experience of positive affective states such as smiling, laughing, enjoyment, or feeling well rested. The data also show the situation is similar when considering negative affective states such as feelings of worry, stress, sadness, and anger. Here we find that professionals in senior roles (manager, executive, or official) experience fewer negative affective states as compared to all other job types.

It is worth noting that we are considering average effects in all of our analyses. While individuals doing some types of jobs are generally more or less happy on average than those doing another type, there will be individual heterogeneity in these effects that we are not able to investigate fully in our analysis. People differ in their interests and personalities, among other things, and a large literature for example on ‘job fit’ suggests there are few jobs that would be ideal for everyone—certain types of people are best suited to and more able to flourish in different types of jobs.²⁸

It is also of interest to note that classic economic theory would suggest that there should be little difference in the happiness or utility of people with different types of jobs, holding constant their skill level. This is because so-called “compensating wage differentials” or “equalizing differences” should balance the happiness levels associated with the types of jobs that an individual chooses to take on.²⁹ That is to say that people willing to take on a job that they anticipate is not going to make them happy should be compensated monetarily to the extent that it should at least compensate for the unhappiness associated with that particular job as compared to another job that would have made them happier but with a lower pay attached to it. The empirical case for the existence of such compensating wage differentials is mixed³⁰, and while we do not directly address this point in our analysis, we do not appear to observe a strong presence of such compensating differentials in the global data employed here.³¹

The descriptive statistics shown in Figure 6.6 represent the raw differences in happiness across job types. Of course, there are likely to be many things that differ across people working in these diverse fields that could potentially be driving these happiness differentials. If we want to have a more precise view of how varied job types actually relate to happiness than we need to hold constant the confounding variables such as the different wages associated with different

Figure 6.6A: Life Evaluation and Job Type

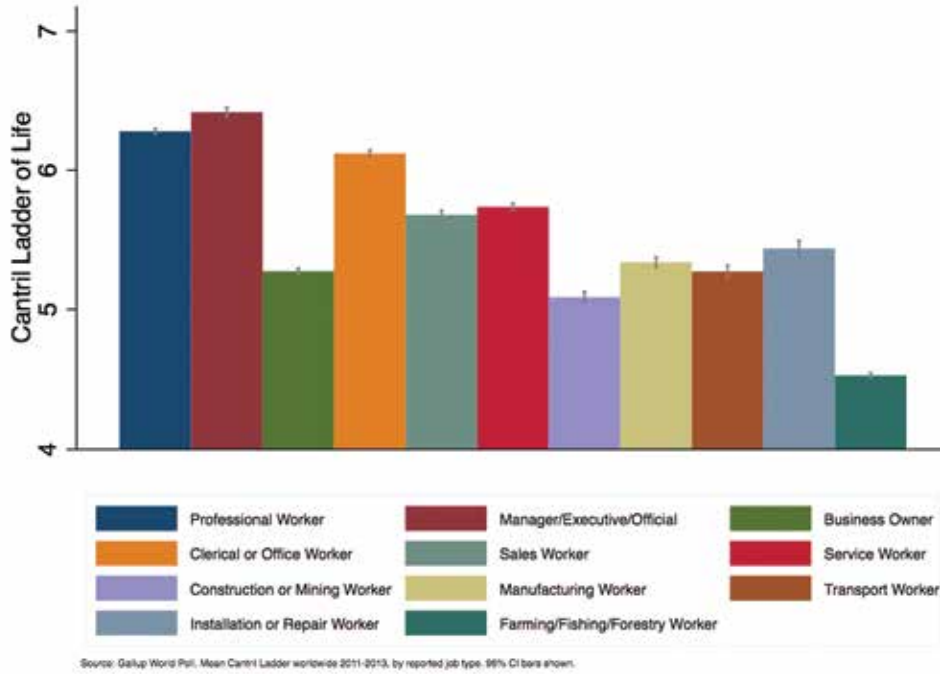


Figure 6.6B: Positive Affect and Job Type

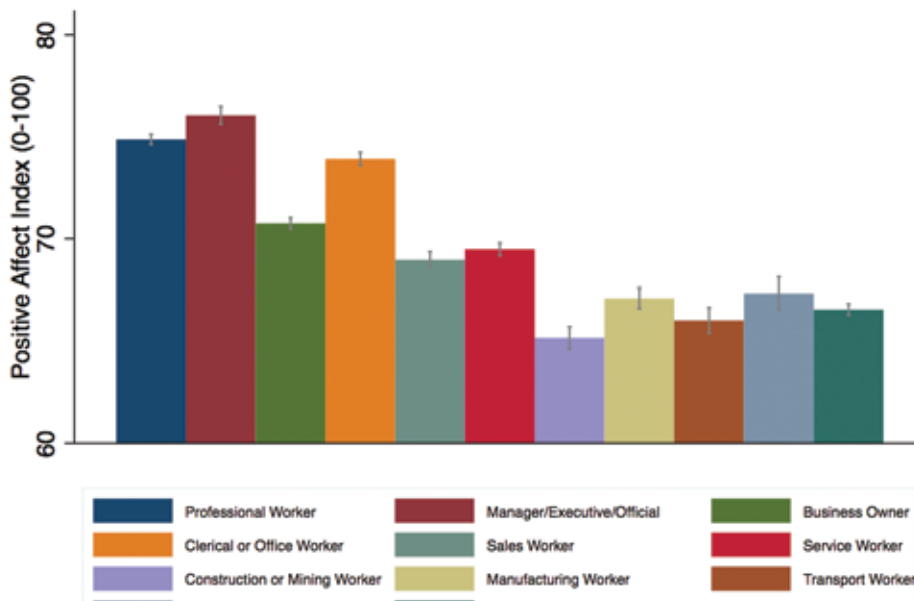
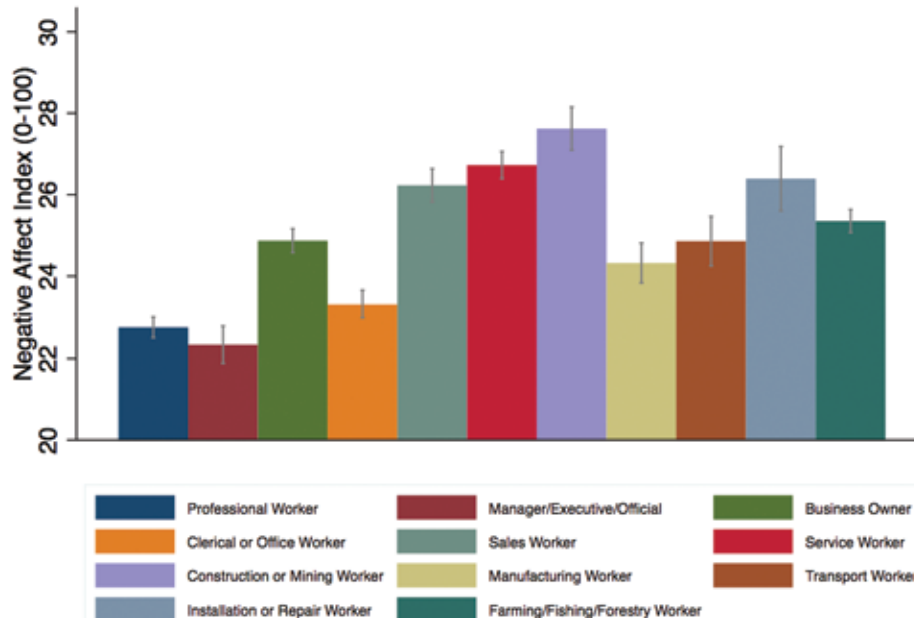


Figure 6.6C: Negative Affect and Job Type



job types as well as the age, gender, marital status, and education level of the individual. To account and control for these and other differences we also report a multiple regression analysis in Table 6.5. In terms of life evaluation and positive affect, these regressions replicate the broad patterns shown in the descriptive statistics shown above. Senior professionals (manager, executive, official) evaluate their lives higher and report more positive affective experiences. The self-reported happiness of office workers (clerical, sales, or service) is significantly lower than their senior colleagues, even controlling for income and other covariates. We find that the association of being in labor-intensive jobs and wellbeing is even greater still.

In an online appendix (Figures A6.1-3), we also split these descriptive and statistical analyses on job type and happiness by gender. Although some small differences can be observed, these analyses do little to alter the interpretations from

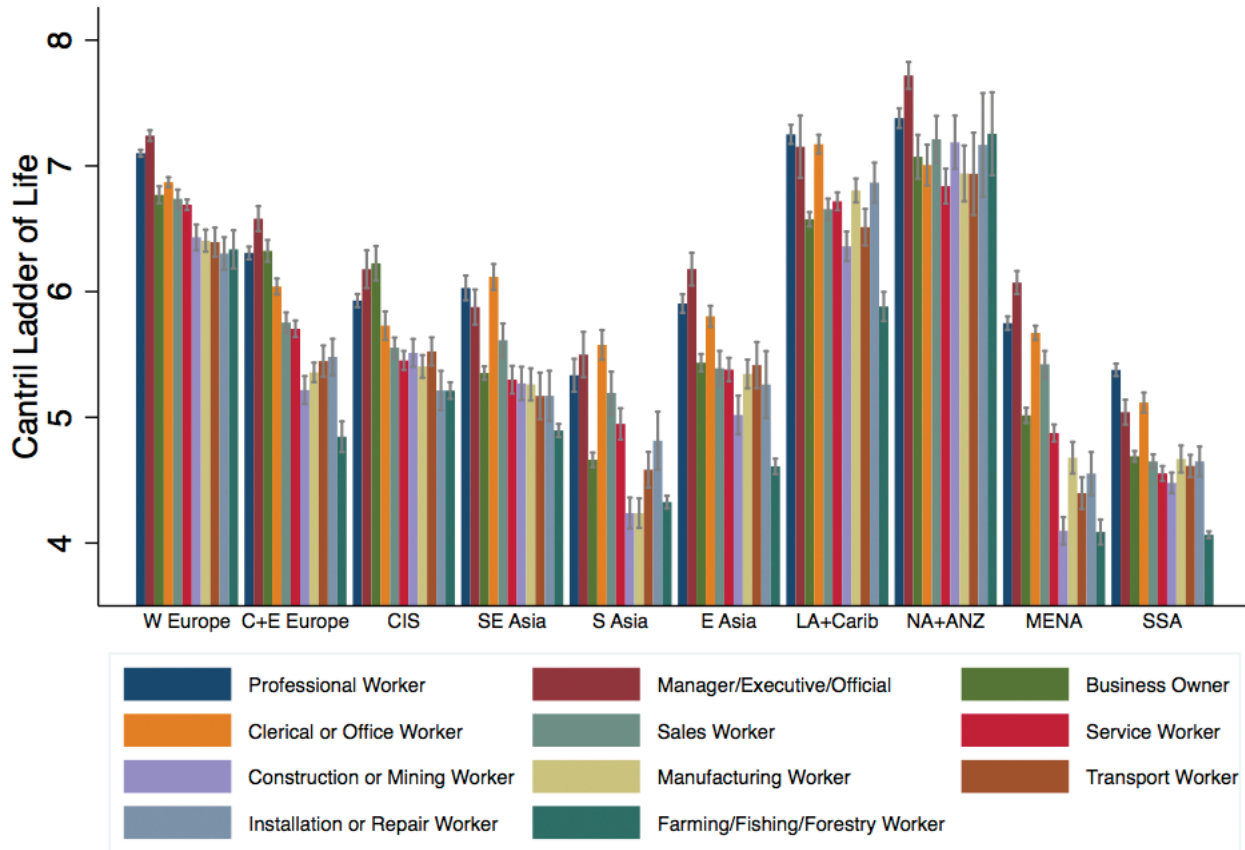
the general trends reported above. The same cannot quite be said of the relationship between job type and happiness, however, when we split the analysis by the world's different regions. As shown in Figure 6.7, there are some clear differences in life evaluation across regions and job types, as is to be expected, but the trends are somewhat less streamlined as compared to the globally pooled data that was reported on above. Other things equal, senior professionals report the highest life evaluation across all regions (at the notable exception of farming/forestry/fishing workers in North America, Australia, and New Zealand who report equal or higher life evaluation and positive affect). Office workers and manual laborers report lower life evaluation, a trend most pronounced in the MENA, East Asia, and Latin American regions in particular. The figures that represent the relation between job type and positive affect and negative affect are given in the online appendix, along with accompanying multiple regression tables by region.

Table 6.5: Job Type and Subjective Wellbeing

	(1)	(2)	(3)
	Life Evaluation	Positive Affect	Negative Affect
Job Type (v. Professional)			
Manager/Executive/Official	0.033*** (0.009)	-0.021** (0.009)	0.019** (0.009)
Business Owner	-0.050*** (0.008)	-0.053*** (0.008)	0.031*** (0.008)
Clerical or Office Worker	-0.021*** (0.007)	-0.069*** (0.008)	-0.009 (0.008)
Sales Worker	-0.070*** (0.009)	-0.121*** (0.010)	0.039*** (0.009)
Service Worker	-0.096*** (0.007)	-0.106*** (0.008)	0.033*** (0.007)
Construction or Mining Worker	-0.153*** (0.010)	-0.178*** (0.012)	0.069*** (0.012)
Manufacturing Worker	-0.128*** (0.009)	-0.171*** (0.011)	0.052*** (0.011)
Transportation Worker	-0.113*** (0.011)	-0.195*** (0.014)	0.066*** (0.011)
Installation or Repair Worker	-0.131*** (0.011)	-0.151*** (0.014)	0.074*** (0.013)
Farming/Fishing/Forestry Worker	-0.136*** (0.010)	-0.162*** (0.011)	0.032*** (0.009)
Country + Year FEs	Yes	Yes	Yes
Observations	338282	333927	328000
R-squared	0.080	0.029	0.018
Countries	153	153	153

Standard errors in parentheses adjusted for clustering at the country level. Outcome variables are standardized to have mean=0 and SD=1. Further controls: log income, education level, marital status, household composition, gender, age and its square. Sample is 21-60 year olds. p < * 0.1 ** p < 0.05 *** p < 0.01.

Figure 6.7: Life Evaluation and Job Type by Region



Source: Gallup World Poll. Mean Cantril Ladder worldwide 2011-2013, by reported job type and region. 95% CI bars shown.

Job Satisfaction and Employee Engagement Around the World

The World Happiness Report is mostly concerned with how people experience and evaluate their lives as a whole, rather than domain-specific wellbeing outcomes. The academic literature on the relationship between work and wellbeing, however, has for a long time also considered other measures of wellbeing. The notion of job satisfaction has been widely studied in particular, and more recently the literature has begun to investigate other outcomes such as employee engagement.³² The Gallup World Poll contains data on both of these domain-specific wellbeing

items, and in Table 6.6 we report the correlations between the measures of job satisfaction and employee engagement and the subjective wellbeing items that we have employed so far. All these measures correlate with each other to varying degrees and mostly in line with intuition. Being satisfied (as opposed to dissatisfied) with your job is strongly correlated with the Cantril ladder measure of life evaluation, whereas feeling actively engaged with your job is more strongly correlated with positive affect. The strongest relationship across all of these measures of general and workplace wellbeing is that feeling ‘actively disengaged with one’s job’ is most strongly correlated with low job satisfaction.

Table 6.6: Correlation Matrix of Individual Responses to General and Domain-Specific SWB Measures

	Life Evaluation	Positive Affect	Negative Affect	Job Satisfaction	Engaged	Disengaged
Life Evaluation	1					
Positive Affect	0.252	1				
Negative Affect	-0.189	-0.372	1			
Satisfied with Job	0.280	0.253	-0.178	1		
Actively Engaged with Job	0.105	0.168	-0.0672	0.156	1	
Actively Disengaged with Job	-0.188	-0.257	0.140	-0.411	-0.209	1

Note: All correlations are statistically significant at at least the 0.1% level.

Whereas in Table 6.6 we correlate these measures with each other using individual-level responses, in appendix table A6.5 we also examine the correlation of these variables when we consider the unit of analysis to be country-year and look at the correlation of these national average wellbeing measures.

In Figure 6.8 we map average job satisfaction around the world. Here we color nations around the globe according to job satisfaction. Unlike the general wellbeing measures that elicit a broader scale of responses, the data on job satisfaction refers to a simpler yes/no question. We map the percentage of respondents in work by who reported to be “satisfied” (as opposed to “dissatisfied”) with their job.³³ The resulting picture provides a general sense for job satisfaction around the world indicating that countries across North and South America, Europe, and Australia and New Zealand typically see more individuals reporting satisfaction with their jobs. In an online appendix (Table A6.13), we provide more detailed information on the levels of job satisfaction around the world.

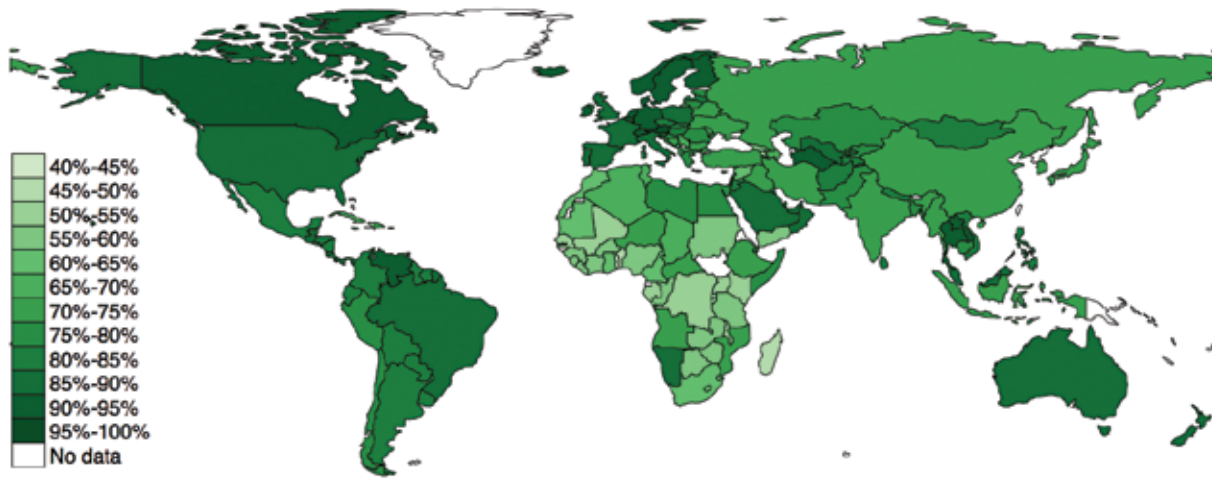
In Figure 6.9 we move on to consider the global distribution of employee engagement. This survey measure in the Gallup World Poll asks whether individuals feel ‘actively engaged,’ ‘not engaged,’ or ‘actively disengaged’ in their jobs. The results paint a bleak picture of employee engagement around the world. The number of

people noting that they are actively engaged is typically less than 20%, while being around 10% in Western Europe, and much less still in East Asia.

The difference in the global results between job satisfaction and employee engagement may partially be attributable to measurement issues, but it also has to do with the fact that both concepts measure different aspects of happiness at work. While job satisfaction can perhaps be reduced to feeling content with one’s job, the notion of (active) employee engagement requires individuals to be positively absorbed by their work and fully committed to advancing the organization’s interests. Increased employee engagement thus represents a more difficult hurdle to clear.

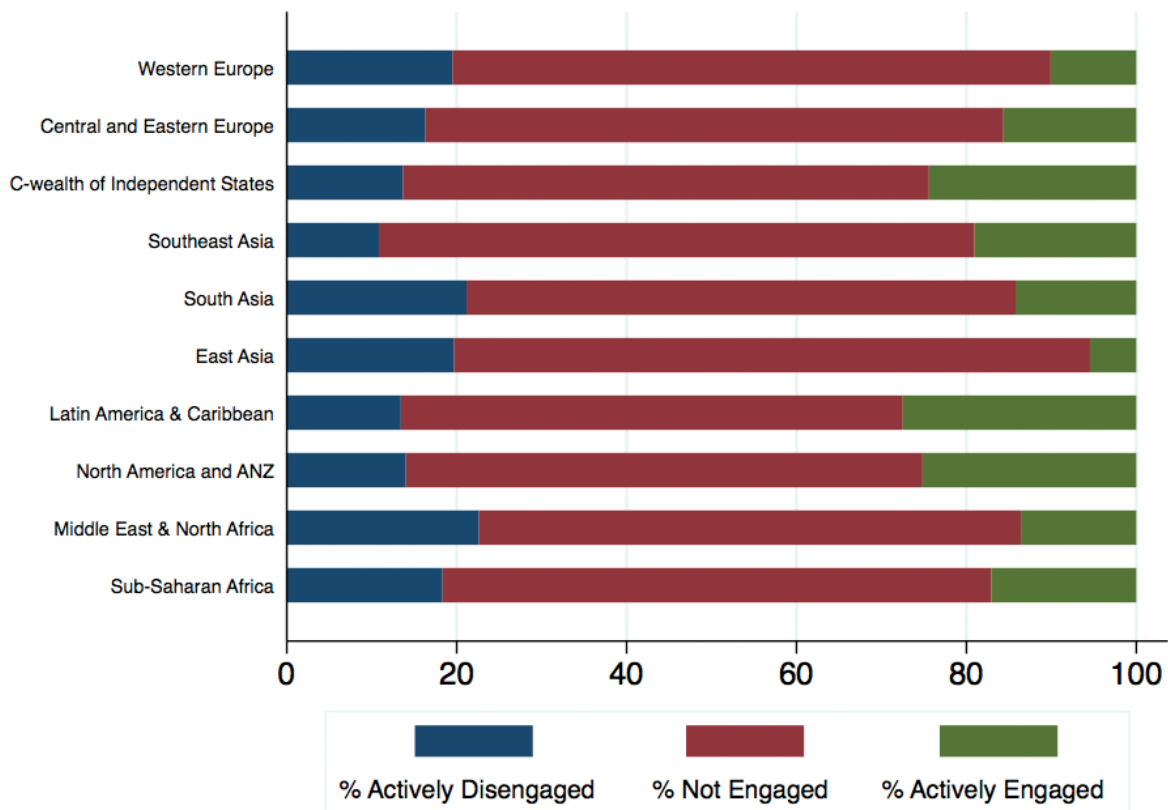
The generally low worldwide levels of employee engagement may also underlie why many people do not report being happy while at work. In fact, a recent study collected data from individuals at different times of the day via a smartphone app.³⁴ Troublingly, the authors found that paid work is ranked lower than any of the other 39 activities individuals can report engaging in, with the exception of being sick in bed. The more precise extent to which people are unhappy at work varies with where they work, whether they combine work with other activities, whether they are alone or with others, and the time of day or night that respondents are working.

Figure 6.8: Job Satisfaction Around the World



Source: Gallup World Poll, 2006-2012. Percentage of employed respondents between 21-60 years old reporting to be 'satisfied' (v. 'dissatisfied') with their job.

Figure 6.9: Employee Engagement Around the World



Source: Gallup World Poll 2014-2016.

Figure 6.10: Job Satisfaction and Job Type

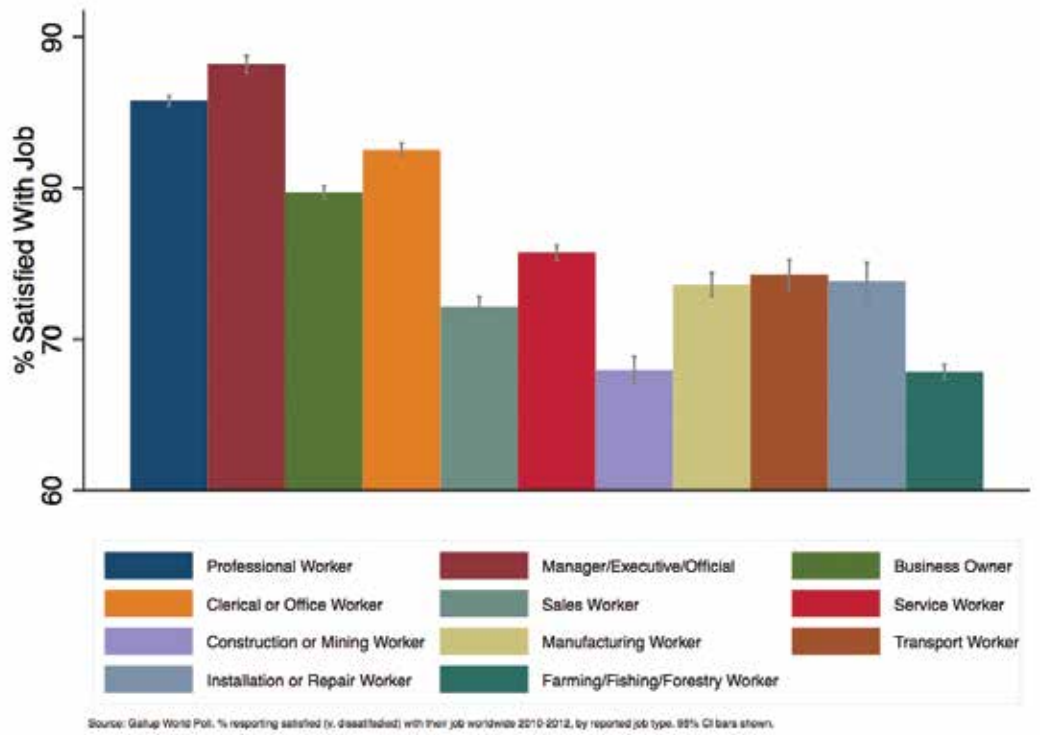
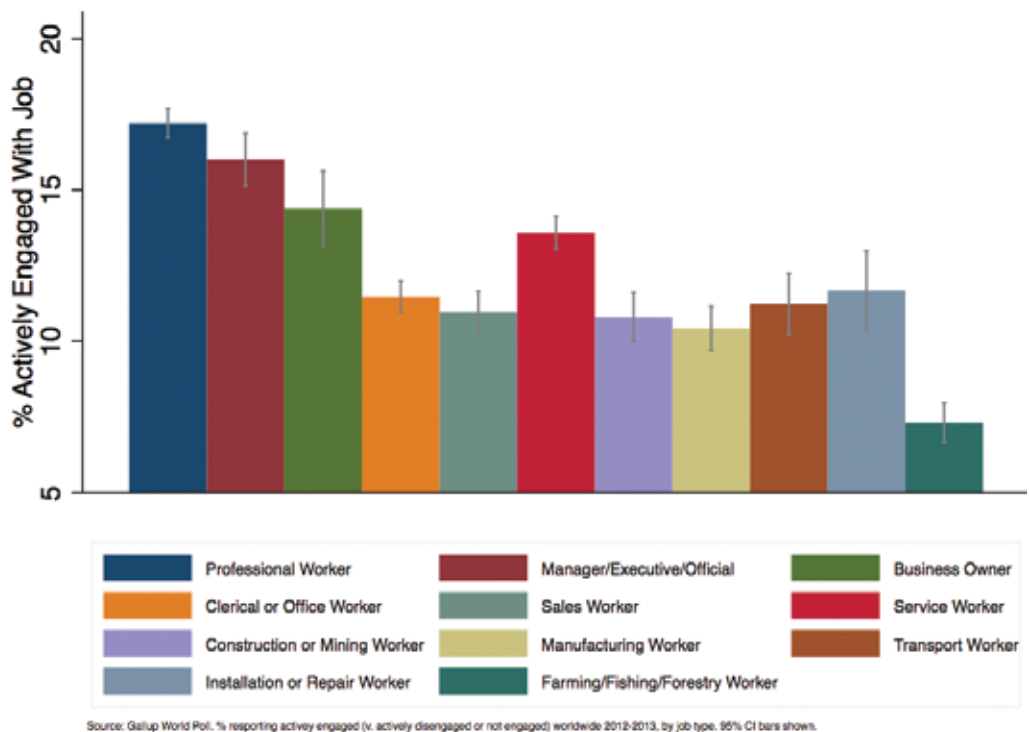


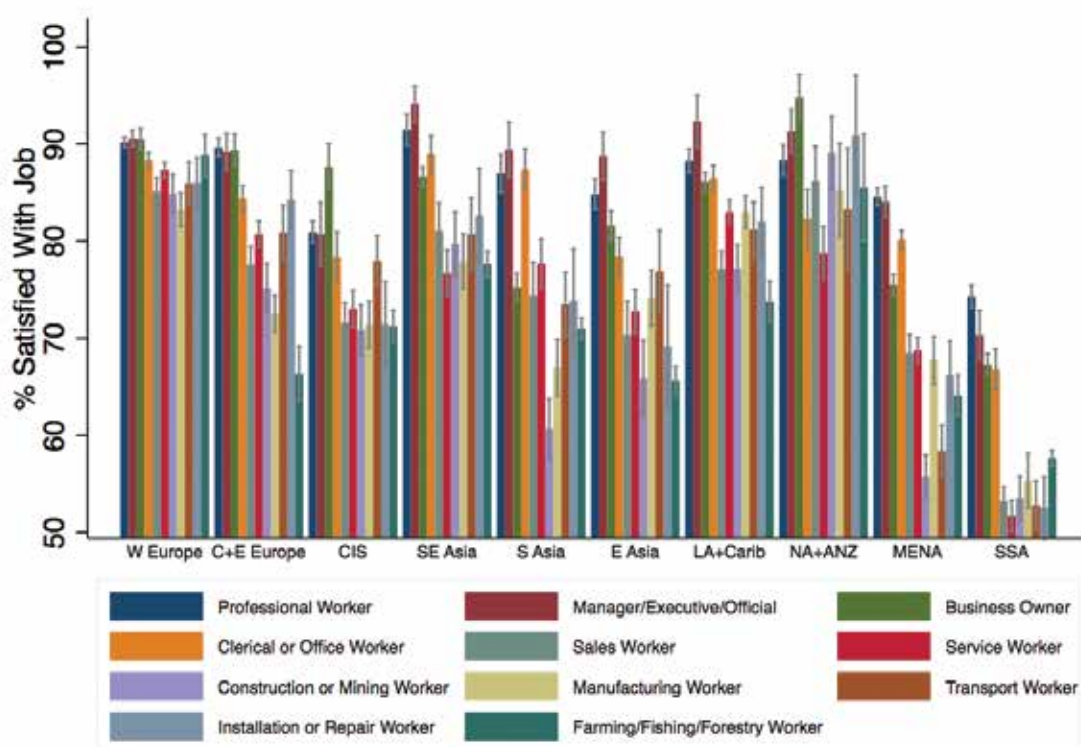
Figure 6.11: Employee Engagement and Job Type



We also consider how the varied job types studied above are related to measures of job satisfaction and employee engagement. Figure 6.10 paints a picture for the relationship between job type and job satisfaction that closely tracks the trends that were reported earlier for the links between job type and the more general measures of subjective wellbeing. Senior professionals report much greater job satisfaction as compared to all other job types. The relationship between job type and employee engagement reveals an interesting and important difference with all other wellbeing measures looked at so far in relation to job type. Figure 6.11 shows clearly that business owners report being much more actively engaged at work as compared to all other job types.

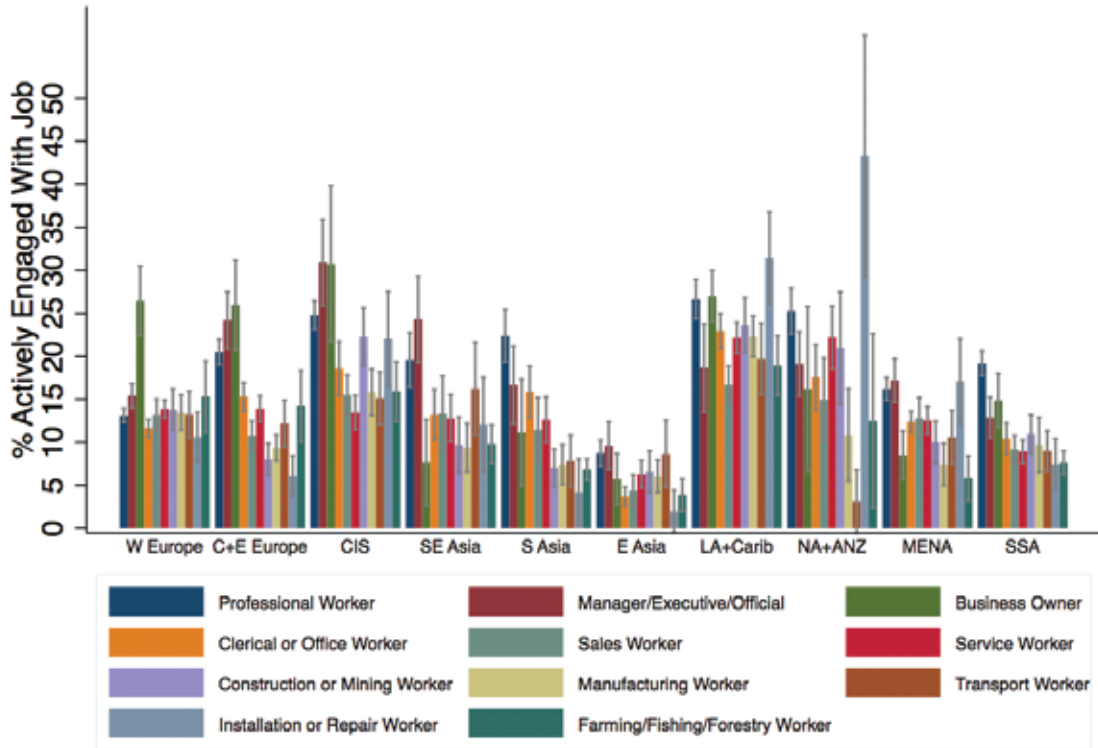
When considering job satisfaction and engagement across the world's regions in Figures 6.12 and 13, we observe the same general trends that were inferred from the global data. It is worthwhile to note, however, that some regions see much starker differences in job satisfaction between job types. For example, in Central and Eastern Europe and in the MENA region we find that about 90% of senior professionals report being satisfied with their job whereas this number drops to little over 60% for workers in the farming, fishing, or forestry industries. No such large differentials in job satisfaction are found in Western Europe or North America, Australia, and New Zealand. In terms of job engagement statistics, Figure 6.13 indicates that the outlier remains being a business owner across most regions with the exception of South and Southeast Asia.

Figure 6.12: Job Satisfaction and Job Type by Region



Source: Gallup World Poll. % responding satisfied (v. dissatisfied) with their job worldwide 2010-2012, by reported job type and region. 95% CI bars shown.

Figure 6.13: Employee Engagement and Job Type by Region



Source: Gallup World Poll. % responding actively engaged (v. actively disengaged or not engaged) worldwide 2012-2013, by job type and region. 95% CI bars shown.

Tables 7 and 8 report regression results of the relationships between job types and job satisfaction and engagement by region, controlling for the usual set of income, demographic variables, as well as country and year fixed effects. Notwithstanding the introduction of the control variables, we find that the results largely mirror the descriptive statistics, the main exception being that the correlation between being a

business owner and being actively engaged is now only statistically significant for Western Europe and Central and Eastern Europe. In an online appendix (Figures A6.4-5) we also split these descriptive statistics on job type and job satisfaction and engagement by gender. The separate findings for men and women do not lead us to largely different interpretations from the general trends reported above.

Table 6.7: Job Satisfaction and Job Type by Region

	W Europe	C+E Europe	CIS	SE Asia	S Asia	E Asia	LA + Carib	NA + ANZ	MENA	SSA
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Job Type (v. Professional)										
Manager/Executive/Official	-0.017 (0.012)	-0.061* (0.033)	0.044 (0.038)	-0.051 (0.030)	0.022 (0.036)	-0.025 (0.067)	-0.083 (0.057)	-0.048 (0.043)	0.006 (0.034)	-0.030 (0.039)
Business Owner	0.021 (0.015)	-0.091 (0.094)	0.015 (0.051)	-0.082*** (0.027)	-0.022 (0.028)	-0.084** (0.038)	-0.031 (0.024)	0.047 (0.034)	-0.071** (0.032)	-0.074** (0.030)
Clerical or Office Worker	-0.032** (0.014)	-0.122*** (0.029)	-0.064 (0.047)	-0.101*** (0.034)	0.046 (0.034)	-0.097** (0.043)	-0.028 (0.026)	-0.091* (0.047)	-0.086*** (0.024)	-0.099** (0.042)
Sales Worker	-0.076*** (0.020)	-0.292*** (0.041)	-0.232*** (0.036)	-0.149*** (0.051)	-0.127*** (0.043)	-0.210*** (0.042)	-0.162*** (0.029)	-0.166*** (0.038)	-0.261*** (0.041)	-0.234*** (0.040)
Service Worker	-0.055*** (0.013)	-0.200*** (0.036)	-0.162*** (0.027)	-0.169*** (0.044)	-0.049 (0.062)	-0.187*** (0.047)	-0.118*** (0.028)	-0.080 (0.059)	-0.186*** (0.039)	-0.291*** (0.031)
Construction or Mining Worker	-0.059*** (0.019)	-0.273*** (0.051)	-0.221*** (0.039)	-0.216*** (0.068)	-0.274*** (0.038)	-0.286*** (0.082)	-0.150*** (0.034)	0.008 (0.061)	-0.462*** (0.057)	-0.247*** (0.047)
Manufacturing Worker	-0.110*** (0.023)	-0.363*** (0.038)	-0.188*** (0.031)	-0.234*** (0.040)	-0.194*** (0.059)	-0.249*** (0.080)	-0.117*** (0.034)	-0.145* (0.076)	-0.314*** (0.053)	-0.238*** (0.047)
Transportation Worker	-0.039* (0.020)	-0.266*** (0.049)	-0.083** (0.031)	-0.186*** (0.063)	-0.096** (0.045)	-0.211* (0.112)	-0.177*** (0.044)	-0.089* (0.042)	-0.355*** (0.051)	-0.264*** (0.055)
Installation or Repair Worker	-0.068* (0.034)	-0.227*** (0.048)	-0.162*** (0.048)	-0.109 (0.065)	-0.084** (0.035)	-0.216*** (0.070)	-0.052 (0.046)	-0.047 (0.066)	-0.257*** (0.051)	-0.319*** (0.058)
Farming/Fishing/Forestry Worker	-0.039 (0.047)	-0.413*** (0.075)	-0.320*** (0.045)	-0.145*** (0.043)	-0.110*** (0.037)	-0.310*** (0.037)	-0.152*** (0.042)	0.004 (0.086)	-0.277*** (0.044)	-0.244*** (0.041)
Country + Year FEs	Yes	$\Psi\epsilon\sigma$	Yes	$\Psi\epsilon\sigma$	Yes	Yes	Yes	Yes	Yes	Yes
Observations	40544	14382	17824	15616	17296	15038	20297	5266	31289	38472
R-squared	0.008	0.047	0.046	0.024	0.066	0.043	0.026	0.014	0.053	0.047
Countries	21	17	12	9	6	6	21	4	18	33

Standard errors in parentheses adjusted for clustering at the country level. Outcome variables are standardized to have mean=0 and SD=1. Further controls: log income, education level, marital status, household composition, gender, age and its square. Sample is 21-60 year olds. p < * 0.1 ** p < 0.05 *** p < 0.01.

Table 6.8: Employee Engagement and Job Type by Region

	W Europe	C+E Europe	CIS	SE Asia	S Asia	E Asia	LA + Carib	NA + ANZ	MENA	SSA
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Job Type (v. Professional)										
Manager/Executive/ Official	0.035** (0.014)	0.077** (0.038)	0.118* (0.069)	-0.036 (0.063)	0.017 (0.069)	-0.020 (0.056)	-0.035 (0.069)	-0.043 (0.043)	0.054 (0.037)	-0.063 (0.054)
Business Owner	0.239*** (0.050)	0.235** (0.097)	0.155 (0.144)	-0.074 (0.092)	-0.045 (0.076)	0.010 (0.039)	0.095 (0.073)	0.164 (0.131)	0.008 (0.066)	0.037 (0.066)
Clerical or Office Worker	-0.097*** (0.022)	-0.159*** (0.028)	-0.089** (0.039)	-0.145** (0.064)	-0.073 (0.049)	-0.160*** (0.028)	-0.124*** (0.039)	-0.194*** (0.047)	-0.085** (0.041)	-0.148*** (0.040)
Sales Worker	-0.020 (0.023)	-0.214*** (0.038)	-0.147*** (0.030)	-0.166** (0.067)	-0.068 (0.053)	-0.109*** (0.035)	-0.145** (0.054)	-0.206* (0.096)	-0.101** (0.047)	-0.121** (0.058)
Service Worker	-0.017 (0.014)	-0.193*** (0.038)	-0.130*** (0.032)	-0.130** (0.057)	-0.033 (0.035)	-0.104*** (0.027)	-0.090** (0.040)	-0.048 (0.070)	-0.003 (0.045)	-0.133*** (0.033)
Construction or Mining Worker	0.013 (0.034)	-0.230*** (0.035)	-0.086*** (0.031)	-0.206*** (0.066)	-0.101** (0.041)	-0.045 (0.046)	0.007 (0.064)	0.040 (0.120)	-0.115** (0.046)	-0.125** (0.049)
Manufacturing Worker	-0.063*** (0.021)	-0.195*** (0.031)	-0.134*** (0.046)	-0.180*** (0.048)	-0.158*** (0.045)	-0.108*** (0.029)	-0.092* (0.053)	-0.222** (0.077)	-0.086* (0.046)	-0.151*** (0.054)
Transportation Worker	-0.011 (0.036)	-0.205*** (0.046)	-0.168*** (0.041)	-0.199*** (0.054)	-0.028 (0.039)	-0.105* (0.054)	-0.216*** (0.069)	-0.205** (0.089)	-0.126** (0.059)	-0.200*** (0.048)
Installation or Repair Worker	-0.045 (0.031)	-0.262*** (0.044)	-0.101* (0.058)	-0.240*** (0.061)	-0.140** (0.065)	-0.159*** (0.045)	0.017 (0.085)	-0.085 (0.115)	-0.078 (0.072)	-0.169*** (0.048)
Farming/Fishing/ Forestry Worker	0.125** (0.061)	-0.173** (0.067)	-0.197*** (0.058)	-0.134* (0.075)	-0.082** (0.033)	-0.088** (0.031)	-0.148* (0.081)	-0.101 (0.173)	-0.098* (0.056)	-0.203*** (0.039)
Country + Year FEs	Yes	$\Psi\epsilon\sigma$	Yes	$\Psi\epsilon\sigma$	Yes	Yes	Yes	Yes	Yes	Yes
Observations	26334	14614	11291	5652	7108	8157	13711	3753	13752	13417
R-squared	0.009	0.030	0.032	0.017	0.032	0.018	0.011	0.020	0.011	0.028
Countries	21	17	12	9	7	5	21	4	16	30

Standard errors in parentheses adjusted for clustering at the country level. Outcome variables are standardized to have mean=0 and SD=1. Further controls: log income, education level, marital status, household composition, gender, age and its square. Sample is 21-60 year olds. $p < *$ 0.1 $** p < 0.05$ $*** p < 0.01$.

Job Characteristics and Subjective Wellbeing

We now turn to look more closely at job quality. We have seen that being in work is a strong predictor of higher subjective wellbeing and that certain broad types of jobs are associated with higher and lower levels of individual happiness, even once we control for confounding variables such as income and education. But what is it specifically about these different types of jobs that produce different levels of wellbeing across individuals?

In order to answer this question more precisely we draw on data from the European Social Survey (ESS), which benefits from more detailed questions about job characteristics together with several measures of subjective wellbeing. What ultimately makes for a ‘good job’? For a long time the answer to this important question was simply how much the job paid, and occasionally also how many hours of labor it entailed. The ever-increasing amount of survey data available now allows us to go much further than this, and ask what particular aspects of a job are most predictive of different measures of wellbeing. In the ESS, for example, respondents who are in work are asked about the amount of variety their job entails, how much autonomy they have in how they carry out their work, how much support they receive from co-workers around them, along with a number of further job characteristics.

By regressing subjective wellbeing measures on such measures of work design, together with earnings and a number of other demographic variables, we are able to infer what matters most to people in their working lives. This is a distinctly democratic way of investigating what exactly makes a ‘good job.’ Rather than impose certain ideas about which characteristics are most important in a job, using multivariate regression analysis in this way we allow workers themselves to determine which aspects of their jobs are the biggest drivers of their wellbeing. Much of the literature in this vein focuses on the

elements of jobs that correlate with job satisfaction³⁵, but it is also important to know what elements of people’s jobs ultimately feed through into how they evaluate their lives as a whole, as well how job characteristics affect the emotional states that people experience as they proceed through their lives. We thus follow much of the existing literature in estimating job satisfaction equations, but also investigate the effects of job characteristics on life satisfaction, general happiness “taking all things together,” as well as a positive affect measure referring to emotions felt in “the last two weeks.”³⁶

In line with the literature and general intuition, we find that higher wages are indeed predictive of greater wellbeing. Those in well-paying jobs are happier and more satisfied with their lives and jobs than those in the lower income brackets. The relationship is roughly log-linear, however, suggesting that there are diminishing returns to higher income: an extra \$100 of salary is worth much more to someone at the lower end of the income distribution than someone already earning much more. It is still striking that a number of further aspects of people’s jobs are strongly predictive of the different measures of subjective wellbeing even once we condition upon log earnings.

As always, these regressions control for a standard set of demographic variables, but here we also control for industry as well as occupation dummies. That is, when we ask about having a lesser or greater amount of a specific job characteristic—be it autonomy, security, co-worker support, or whatever else—we are comparing workers who have the same occupation and who work in the same industry.

What is important, beyond income? Work-life balance comes out in Table 6.9 as perhaps the strongest workplace driver of an individual’s subjective wellbeing. This turns out to be true across the board, in terms of people’s life and job satisfaction, general happiness, and

Table 6.9: Subjective Wellbeing and Job Characteristics

	Units	(1) Life Satisfaction	(2) Happiness	(3) Job Satisfaction	(4) Positive Affect
Wages	(Log)	0.068** (0.030)	0.041* (0.024)	0.084*** (0.025)	0.048** (0.019)
Hours of Work	(Weekly hours)	0.002 (0.001)	0.001 (0.001)	0.000 (0.001)	0.002** (0.001)
Responsible for supervising employees	(0/1)	0.030 (0.023)	0.031 (0.022)	0.029 (0.018)	0.025 (0.022)
High variety in work	(Very True=1)	0.079*** (0.024)	0.081*** (0.028)	0.229*** (0.020)	0.101*** (0.021)
Job requires learning new things	(Very True=1)	0.047** (0.019)	0.059** (0.023)	0.137*** (0.018)	0.074*** (0.020)
Wages depend on effort	(Very True=1)	0.042 (0.029)	0.044 (0.031)	0.026 (0.023)	0.062* (0.035)
Can get support/help from co-workers	(Very True=1)	0.107*** (0.019)	0.161*** (0.020)	0.249*** (0.025)	0.133*** (0.020)
Job entails health/safety risk	(Very True=1)	-0.155*** (0.045)	-0.086* (0.045)	-0.194*** (0.033)	-0.135*** (0.031)
Can decide start/finish time	(Very True=1)	-0.040** (0.016)	-0.026 (0.028)	-0.019 (0.031)	-0.016 (0.029)
Job is secure	(Very True=1)	0.103*** (0.018)	0.105*** (0.023)	0.190*** (0.025)	0.089*** (0.018)
Job requires very hard work	(Strongly Agree=1)	-0.034 (0.037)	0.018 (0.037)	-0.024 (0.031)	0.029 (0.028)
Never enough time to get everything done	(Strongly Agree=1)	-0.015 (0.025)	-0.016 (0.028)	-0.132*** (0.025)	-0.081** (0.030)
Good opportunities for promotion	(Strongly Agree=1)	0.107** (0.040)	0.073* (0.041)	0.210*** (0.046)	0.111** (0.040)
Job prevents giving time to family/partner	(Often/Always=1)	-0.150*** (0.019)	-0.100*** (0.019)	-0.214*** (0.023)	-0.174*** (0.021)
Worry about work problems when not working	(Often/Always=1)	-0.107*** (0.025)	-0.084*** (0.020)	-0.033 (0.029)	-0.196*** (0.028)
Too tired after work to enjoy things	(Often/Always=1)	-0.210*** (0.022)	-0.201*** (0.027)	-0.221*** (0.024)	-0.405*** (0.033)
Control over how daily work is organized	(8-10/10=1)	0.046*** (0.017)	0.088*** (0.018)	0.192*** (0.019)	-0.019 (0.022)
Control over pace of work	(8-10/10=1)	0.085*** (0.021)	0.069*** (0.020)	0.091*** (0.022)	0.066** (0.024)
Control over policy decisions of organization	(8-10/10=1)	0.031 (0.026)	0.040* (0.022)	0.121*** (0.024)	0.053** (0.023)
Trade Union Member	(0/1)	0.020 (0.021)	0.040** (0.019)	0.053* (0.029)	0.022 (0.021)
Self-Employed (v. Employee)	(0/1)	0.053 (0.034)	0.008 (0.036)	0.039 (0.029)	0.026 (0.036)
Education	(Years)	0.004* (0.002)	0.003 (0.002)	-0.010*** (0.002)	-0.002 (0.002)
Female	(0/1)	0.038 (0.025)	0.037 (0.024)	0.048* (0.023)	-0.066** (0.024)
Age	(Years)	-0.045*** (0.006)	-0.049*** (0.008)	-0.003 (0.006)	-0.036*** (0.008)
Age ²	(Years ²)	0.000*** (0.000)	0.000*** (0.000)	0.000 (0.000)	0.000*** (0.000)
Observations		11555	11555	11555	11555
R-squared		0.287	0.229	0.220	0.160

Standard errors in parentheses adjusted for clustering at the country level. All outcome variables standardised to have mean of 0 and standard deviation of 1. Source: European Social Survey: Round 5 (2010). Further controls: marital status, household composition, migrant status, industry and occupation dummies, country dummies. * $p < 0.1$ ** $p < 0.05$ *** $p < 0.01$

moment-to-moment emotional experiences. Those who have a job that leaves them too tired to enjoy the non-work elements of their lives report levels of positive affect in their day-to-day lives that are substantially lower than those who do not. Furthermore, workers who report that their job interferes with their ability to spend time with their partner and family, as well as those who ‘bring their job home’ with them by worrying about work matters even when they are not at work, report systematically lower levels of subjective wellbeing across all four measures, controlling as always for the usual covariates, including the level of remuneration they receive and the number of hours they work per week.

We can also see in Table 6.9 that the content of the job is important. Those with jobs that entail high levels of variety and the need to learn new things are more satisfied with their lives and their jobs and experience more positive emotions day-to-day. Further, individual autonomy in the workplace is a significant driver of happiness: having control over how the workday is organized as well as the pace at which the employee works is positively correlated with higher wellbeing outcomes. Conversely, those with jobs that involve risks to their health and safety generally score worse on the measures of subjective wellbeing captured in this survey.

Social capital in the workplace is even more important. The level of support that a worker receives from his or her fellow workers is very strongly predictive of all four measures of subjective wellbeing in the sample, as is being able to have a say in policy decisions made by the organization for which the employee works. Furthermore, workers who report being a member of a trade union are generally more satisfied with their jobs, though the differential in life satisfaction as well as positive affect between union and non-union workers is statistically insignificant in the sample.

As we saw earlier in our discussion of the spillover effects of unemployment, job security is a robust driver of individual wellbeing. Those who feel their livelihood is at risk systematically report lower levels of subjective wellbeing than those who report having high levels of perceived job security. Connected to this is the notion of being able to ‘get on in life’: those who feel they have a job that has good opportunities for advancement and promotion—even controlling for their current level of remuneration and the current content of their job—feel more satisfied with their jobs and lives and also tend to experience more positive affective states.

Finally, bosses have been shown to be important. Although the data does not permit us here to measure and quantify the importance of who one’s boss is and how he or she affects one’s wellbeing, recent work has demonstrated that bosses and supervisors can play a substantial role in determining subjective wellbeing. In particular, the competence of bosses has been shown to be a strong predictor of job satisfaction, even controlling for individual fixed effects in a longitudinal analysis that follows people who stay in the same job as their boss gains (or loses) competence over time.³⁷

Conclusion

As has been shown in the various editions of the World Happiness Report, national levels of subjective wellbeing vary greatly across the globe. The different kinds of work that people in different corners of the world do may well contribute in some way to these cross-country differentials. After all, work makes up such an important part of our lives. The structure of economies differs a great deal, both across countries at any one point in time as well as within countries as they develop over time. Thus the kind of work that people actually engage in during their days differs greatly—whether they sit in offices, work on production lines, or work in the fields—and this can be a potentially

contributing factor to the global differences in wellbeing that we observe.

This chapter has aimed to bring an empirical perspective to the relationship between happiness and employment, job type, and job characteristics around the world. Throughout the world, employed people evaluate the quality of their lives much higher than those who are unemployed. The clear importance of employment for happiness emphasizes the damage that unemployment can do. As such, this chapter delved further into the dynamics of unemployment to show that individuals' happiness adapts very little over time to being unemployed and that past spells of unemployment can have a lasting impact even after regaining employment. The data also showed that rising unemployment negatively affects everyone, even those still employed. These results are obtained at the individual level, but they also come through at the macroeconomic level, with national unemployment levels being negatively correlated with average national wellbeing across the world.

We also considered how happiness is related to the broad type of job being performed. The principal result on job type is that data from around the world reveal a significant difference in how manual and non-manual labor are related to happiness. Even when accounting for relevant covariates between these two broad categories of job type, we found that blue-collar work is systematically correlated with less happiness. We also investigated job quality more closely by looking at specific workplace characteristics and how they relate to happiness. Well-paying jobs are conducive to happiness, but this is far from being the whole story. A range of further aspects were found to be strongly predictive of varied measures of happiness. Some of the most important job factors that were shown to be driving subjective wellbeing included work-life balance, autonomy, variety, job security, social capital, and health and safety risks.

The results and inferences drawn from the available data are far from exhaustive but aim to inspire further research as well as provide some empirical guidance to employees, employers, and policy-makers. Given the importance of employment for happiness, it is evident that even more weight could be given to fostering employment. Equally, policies aimed at helping people to manage the non-monetary as well as the monetary difficulties associated with being unemployed, in addition to helping them back into work, will likely help to raise societal wellbeing. In addition to the quantity of jobs, policy instruments can be used to encourage employers to improve the quality of jobs. In turn, recent research suggests that high levels of worker wellbeing may even lead to gains in productivity and firm performance,³⁸ a finding that points toward the benefits of engaging in what might be called 'high-road' employment strategies conducive to employee wellbeing. Generally, the analyses reported in this chapter provide additional empirical evidence for the merit of policies that focus on both the quantity and the quality of employment to support worldwide wellbeing.

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- 1 OECD Guidelines on Measuring Subjective Wellbeing (2013)
 - 2 De Neve and Oswald (2012), Oswald, Proto, and Sgroi (2015), Edmans (2011)
 - 3 The Cantril ladder item to survey life evaluation asks the following question: “Please imagine a ladder, with steps numbered from 0 at the bottom to 10 at the top. The top of the ladder represents the best possible life for you and the bottom of the ladder represents the worst possible life for you. On which step of the ladder would you say you personally feel you stand at this time?”
 - 4 The measure for positive affect is an index that measures respondents’ experienced positive wellbeing on the day before the survey using the following five items: (i) Did you feel well-rested yesterday?; (ii) Were you treated with respect all day yesterday?; (iii) Did you smile or laugh a lot yesterday?; (iv) Did you learn or do something interesting yesterday?; (v) Did you experience the following feelings during a lot of the day yesterday? How about enjoyment?
 - 5 The measure for negative affect is an index that measures respondents’ experienced negative wellbeing on the day before the survey using the following five items: (i) Did you experience the following feelings during a lot of the day yesterday? How about physical pain?; (ii) Did you experience the following feelings during a lot of the day yesterday? How about worry?; (iii) Did you experience the following feelings during a lot of the day yesterday? How about sadness?; (iv) Did you experience the following feelings during a lot of the day yesterday? How about stress?; (v) Did you experience the following feelings during a lot of the day yesterday? How about anger?
 - 6 The questionnaire measure asks respondents to chose whether they are either “satisfied” or “dissatisfied” with their job.
 - 7 The survey measure asks respondents how engaged they are with the job they do, with 3 response categories: “actively engaged”, “not engaged”, and “actively disengaged”.
 - 8 Throughout this chapter we restrict our analyses to the working age population between the ages of 21-60.
 - 9 We follow a procedure analogous to that outlined in Chapter 2. When calculating world or regional averages, we in all cases use population-adjusted weighting. Gallup’s own weights sum to the number of respondents in each country. To produce population-adjusted weights for the period 2014-2016 here, we first adjust the Gallup weights such that each country has an equal weighting. We then multiply that weight by the total population aged between 15 and 64 in 2015 (this population data is drawn from the World Bank’s World Development Indicators).
 - 10 See, e.g., Clark and Oswald (1994); Clark (2010); Kassenböhmer and Haisken-DeNew 2009
 - 11 See, e.g., Clark and Oswald (1994); Winkelmann and Winkelmann (1998); Helliwell and Huang (2014).
 - 12 The non-pecuniary effects of unemployment have been the subject of decades of research in psychology and economics. A seminal study back in the 1930s (Eisenberg and Lazarsfeld 1938), for example, found that, when someone loses their job they lose not only their income but also other things that are important to them such status, social contact with others in the workplace, and daily structure and goals.
 - 13 Evidence for this has been provided by a handful of studies including recent work on a large-scale US panel study that evaluated whether the wellbeing of adolescents predicted their labor market outcomes. De Neve and Oswald (2012) found that adolescents and young adults who report higher life satisfaction or positive affect grow up to earn significantly higher levels of income later in life (controlling for socio-economic status) and significant mediating pathways included a higher probability of getting hired and promoted.
 - 14 See, e.g., Blanchflower and Oswald (2004).
 - 15 Kassenböhmer and Haisken-DeNew (2009).
 - 16 It is worth noting that self-employment can refer to a huge range of things – from owning a large multinational grocery chain all the way to being a sole-trader on a market stall.
 - 17 We look here at 10 world regions: Western Europe (W Europe), Central and Eastern Europe (C+E Europe), The Commonwealth of Independent States (CIS), South-East Asia (SE Asia), South Asia (S Asia), East Asia (E Asia), Latin America and the Caribbean (LA+Carib), North American and Australia and New Zealand (NA+ANZ), Middle East and North Africa (MENA), and Sub-Saharan Africa (SSA).
 - 18 The notable exceptions here are South-East Asia and South Asia where self-employed individuals report less negative affect as compared to being full-time employees.
 - 19 See, e.g., Clark et al (2008); Clark and Georgelis (2013).
 - 20 Our approach here follows Clark et al (2008) and Clark and Georgelis (2013). We take advantage of the longitudinal nature of the German Socio-Economic Panel, which has been running since the 1980s, and take a within-person (i.e. fixed effect) approach and ask to what extent people who become unemployed and stay unemployed adapt to their circumstances in terms of happiness. We look at both the 4 years prior to becoming unemployed as well as the 4+ years following that event. Those entering the panel already unemployed are dropped from the

analysis (i.e. we exclude any left-censored spells). For each individual, we look only at the first occurrence of unemployment they experience in the panel, and examine how the respondent's happiness adapts as they experience their first spell of unemployment. Specifically, we run the following regression:

$$LS_{it} = \alpha_i + \theta'X_{it} + \beta_4 U_{-4,it} + \beta_3 U_{-3,it} + \beta_2 U_{-2,it} + \beta_1 U_{-1,it} + \beta_0 U_{0,it} + \beta_1 U_{1,it} + \beta_2 U_{2,it} + \beta_3 U_{3,it} + \beta_4 U_{4,it} + \varepsilon_{it}$$

where LS_{it} refers to the life satisfaction on a 0-10 scale of person i in year t and X is a vector of control variables typical to the literature. Those who are unemployed are split into five categories: the U dummies (U_0 to U_4) refer to those who have been unemployed for under a year, those unemployed between 1-2 years, and so on up to four (or more) years. The U_{-4} to U_{-1} dummies refer to future entry into unemployment in the next 0-1 years, 1-2 years and so on. Figure 4 reports these lag and lead coefficients from this equation, along with 95% confidence intervals. The omitted category in this equation is those who will not enter into being unemployed in the following four years. The sample is all those individuals who are not unemployed in their first year in the panel. The α_i term is an individual fixed effect, such that the adaptation we are examining here compares the life satisfaction of someone who has been unemployed for 3 years with their own life satisfaction before becoming unemployed.

21 See, e.g., Clark et al (2001); Knabe and Rätzel (2011).

22 Di Tella et al (2001).

23 E.g. Knabe and Rätzel (2011); Luechinger et al (2010).

24 In addition to job insecurity effects caused by others' unemployment, there may be further psychological conduits. One is that in times of high unemployment people may be more likely to stay in jobs they do not particularly enjoy, given the difficulty of finding a more agreeable job when labor market conditions are poor. A second is that those who are left in work may feel some level of guilt being unemployed whilst those around them are being laid off and suffering the consequences of job loss. Finally, there may be more immediate spill-over effects, with those close to unemployed people – spouses and other family members in particular – suffering as they live with and attempt to provide support for the unemployed

25 See Clark (2003).

26 In order to present an up-to-date picture of the relationship, we calculate the 2016 unemployment rate for each country using the Gallup World Poll sample. This is the fraction of those participating in the labor force between the ages of 21 and 60 who report being unemployed. The most recent set of unemployment rate figures produced by the World Bank (in the 2016 World Development Indicators) pertain to 2014; an analogous analysis using this data together with the 2014 Gallup data produce

similar results.

27 Note that Helliwell and Huang (2014) obtain the negative correlation between unemployment and wellbeing in the cross-sectional data for the United States without even including those individuals that are themselves unemployed.

28 See, e.g. Kristof-Brown et al (2005) for a review.

29 See, e.g., Rosen (1986).

30 See, e.g., Bonhomme and Jolivet (2009).

31 Our analyses do not address the theory of “compensating differentials” head-on but it is worthwhile noting that there are a number of possible reasons behind why such stark differences are observed in the happiness levels associated with different job types even though compensating differentials in terms of income may suggest otherwise (holding skill levels constant). One plausible reason being that most individuals may not have a wide range of options to choose from in terms of which type of job to perform (even when holding skill levels constant) and, as such, there is not as much free movement between job types as economic theory would have it. Another reason why we find that the classic notion of compensating differentials does not fit these data well is because monetary compensation is really only but a part of the overall package of job characteristics that relate job type to happiness.

32 See, e.g., Freeman (1978); Harter et al. (2002, 2003); Bockerman and Ilmakunnas (2012), Judge et al (2001).

33 The question was included in the Gallup World Poll between 2006 and 2012. Here we map the country averages over this period. More detailed information on these figures is provided in Table A6.13.

34 Bryson and Mackerron (2017).

35 See, e.g. Clark (2010). There are a number of approaches to the measurement of job quality. For a useful overview, see Osterman (2013).

36 The survey questions we use are: 1) “All things considered, how satisfied are you with your life as a whole nowadays?” 2) “Taking all things together, how happy would you say you are?” 3) “How satisfied are you in your main job?” 4) A positive affect measure aggregated from three questions asking how much in the last two weeks the respondent has “felt cheerful and in good spirits”, “felt calm and relaxed”, “felt active and vigorous”.

37 Artz et al. (2016).

38 See, e.g., Oswald, Proto, and Sgroi (2015), Edmans (2011), and Harter et al. (2002)

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ONLINE APPENDIX

(DE NEVE AND WARD, HAPPINESS AT WORK)

[HTTP://WORLDHAPPINESS.REPORT/](http://worldhappiness.report/)

