



The Job Satisfaction-Productivity Nexus: A Study using Matched Survey and Register Data

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We examine the role of job satisfaction in the determination of establishment-level productivity. Our matched data contain both information on job satisfaction from ECHP (European Community Household Panel) and information on establishment productivity from longitudinal register data that can be linked to the ECHP. The estimates for the effect of one point increase in the establishment average level of employee job satisfaction, on a scale 1-6, on productivity vary depending on the specification of the model. Our preferred estimate, based on the IV estimation that uses satisfaction with housing conditions as instrument for job satisfaction, shows that the effect on value-added per hours worked is ~20% in the manufacturing sector. The economic size of this effect is modest, because the observations are bunched towards the higher end of the satisfaction scale making it very difficult to increase the average level of job satisfaction in the establishment by one point.

Keywords: Job Satisfaction; Employee Well-being; Productivity; Performance

JEL Code: D24, J28