

FOR IMMEDIATE RELEASE**Satisfied employees and higher productivity go together**

Workplaces with rising employee job satisfaction also experience improvements in workplace performance, while deteriorating employee job satisfaction is detrimental to workplace performance. This is according to new research out today by the National Institute of Economic and Social Research for the Department for Business, Innovation and Skills.

The first such UK study, based on the nationally representative 2011 Workplace Employment Relations Survey of workplaces and their employees, found that in workplaces where average employee job satisfaction was rising, employee job satisfaction was found to be positively associated with workplace financial performance, labour productivity, the quality of output and service and an additive scale combining all three aspects of performance.

Workplaces experiencing an improvement in job satisfaction – whether measured in terms of the average level of satisfaction in the workforce, or measured in terms of an increase in the proportion "very satisfied" or a reduction in the proportion "very dissatisfied" - also experience an improvement in performance. By contrast, there was no association between job-related affect and workplace performance.

- Increasing overall average employee job satisfaction was associated with increases in all four workplace performance measures.
- Increasing average non-pecuniary job satisfaction was positively associated with changes in all four workplace performance measures.
- Increasing pay satisfaction, on the other hand, was never positively associated with performance measures.
- Workplaces with rising job dissatisfaction experienced deterioration in all four performance measures, whereas workplaces with an increase in "very satisfied" employees experienced rising quality of output or service and an increase in the additive performance measure, but not financial performance or labour productivity.
- Changes in job-related affect (the amount of time feeling tense, depressed, worried, gloomy, uneasy and miserable) were not generally associated with workplace performance.

These findings are consistent with the proposition that employers who are able to raise employees' job satisfaction may see improvements in the performance of their workplace. These improvements are apparent in profitability (financial performance), labour productivity and the quality of output or service.

Comments on the report

Alex Bryson, Principal Research Fellow at NIESR and one of the co-authors of the report, said:

"Although we cannot state definitively that the link between increasing job satisfaction and improved workplace performance is causal, the findings are robust to tests for reverse causation and persist within workplaces over time, so that we can discount the

possibility that the results are driven by fixed unobservable differences between workplaces. There is therefore a prima facie case for employers to consider investing in the wellbeing of their employees on the basis of the likely performance benefits."

ENDS

Notes to Editors:

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1. The study entitled *Does Worker Wellbeing Affect Workplace Performance?* was produced by Alex Bryson, John Forth and Lucy Stokes at the National Institute of Economic and Social Research. The study was funded by the Department for Business Innovation and Skills. The report can be found at: <https://www.gov.uk/government/publications/worker-wellbeing-and-workplace-performance>
2. The study analyses the 2011 WERS which is the sixth in a series of workplace employment relations surveys. Previous surveys were conducted in 1980, 1984, 1990, 1998 and 2004. Interviews were undertaken with around 2,700 workplace managers and 1,000 employee representatives, whilst over 20,000 employees completed questionnaires. Fieldwork ran from March 2011 to June 2012 and was conducted by the National Centre for Social Research (NatCen). Further information on WERS is available at: <https://www.gov.uk/government/publications/the-2011-workplace-employment-relations-study-wers>
3. The 2011 survey was jointly sponsored by the Department for Business Innovation and Skills (BIS), the Economic and Social Research Council (ESRC), the UK Commission for Employment and Skills (UKCES), the Advisory Conciliation and Arbitration Service (Acas) and the National Institute of Economic and Social Research (NIESR). NIESR's contribution was made possible by a grant from the Nuffield Foundation. The views expressed are those of the publication's authors.
4. The study is based on analyses of the 2011 survey of workplaces and employees, and on a panel of workplaces tracked over the period 2004-2011. The measures of workplace performance are based on HR Managers' perceptions of their workplace's performance relative to the industry average in relation to financial performance, labour productivity, and the quality of output/service. WERS measures nine dimensions of job satisfaction (pay, sense of achievement, training receipt, job autonomy, skill development opportunities, job security, scope for initiative, involvement in decision-making and their satisfaction with the work itself). It contains six indicators of job-related affect covering the frequency with which the employee feels tense, depressed, worried, gloomy, uneasy and miserable.
5. Alex Bryson and John Forth are Principal Research Fellows at the National Institute of Economic and Social Research (NIESR). Lucy Stokes is a Senior Research Fellow at NIESR.

6. All findings reported in the publication relate to workplaces with 5 or more employees.

Issued by:

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