

Job Satisfaction and Workplace Policies: Evidence from Canada

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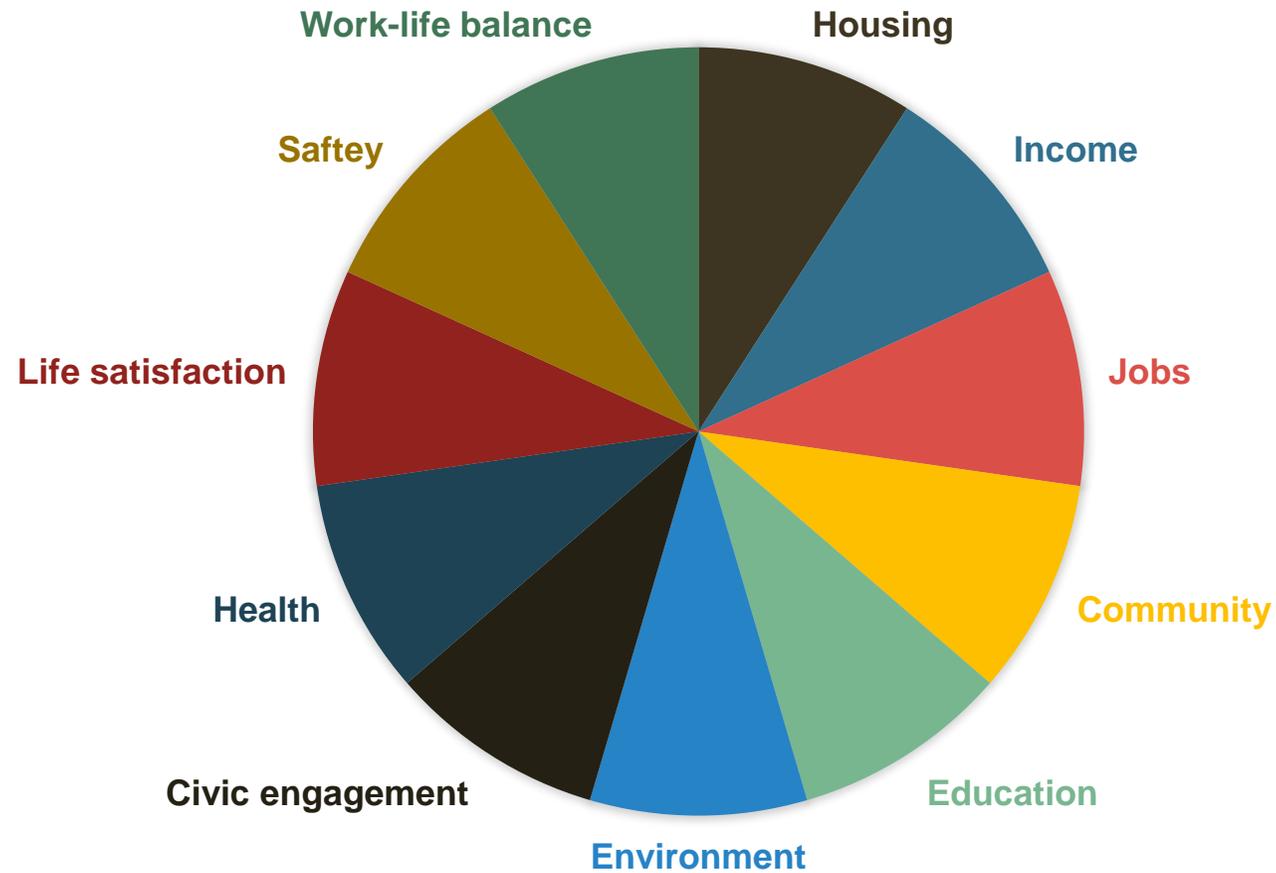
STATISTICS CANADA
ONE HUNDRED YEARS AND COUNTING

Introduction

- ❑ There is a widespread acknowledgement that material well-being (income, wealth, GDP), falls short of measuring overall well-being or happiness (Stiglitz, Sen, and Fitoussi, 2009).
- ❑ Broad measures of well-being:
 - ❑ OECD: Better Life Index
 - ❑ United Nations: Sustainable Development Goals
 - ❑ United Nations: Human Development Index



OECD: Better Life Index



Job satisfaction

- ❑ Job satisfaction forms an integral part of subjective well-being. And can be viewed as a single metric of utility / welfare that workers derive from their jobs out of the entire profile of job and workplace characteristics (Hamermesh 2001).
- ❑ Job satisfaction is important for business:
 - ❑ lower quits and absenteeism (Akerlof et al. 1988; Clark et al. 1998; Freeman 1978)
 - ❑ higher job performance and productivity (Iaffaldano and Muchinsky 1985; Böckerman and Ilmakunnas 2012; Oswald et al., 2015)
 - ❑ higher organizational performance (Ostroff 1992).



What business can do to improve employees' job satisfaction?

- ❑ Assess the relationship between various workplace policies and workers' job satisfaction, using a unique Canadian longitudinal employer-employee matched survey.
- ❑ Important workplace policies for improving job satisfaction:
 - ❑ Employee-participation program, especially, a communication mechanism between employees and management (e.g. employee surveys, employee suggestion programs, being frequently informed about overall workplace performance or changes)
 - ❑ Personal and family support program (especially, employee assistance or elder care)



Data

- ❑ Canadian Workplace and Employee Survey (WES), 1999 to 2006
- ❑ National representative sample of all business locations with paid employees in March
- ❑ Random sample of up to 24 employees for each selected workplace in odd survey years (1999, 2001, 2003, 2005).
- ❑ Longitudinally tracking businesses, and employees (only for two years)
- ❑ High response rate: 74-95%
- ❑ Large sample size: 5,800-6,700 workplaces and 17,000 to 24,000 employees.



Data: job satisfaction

- ❑ Considering the duties and responsibilities of this job, how satisfied are you with the pay and benefits you receive?
- ❑ Considering all aspects of this job, how satisfied are you with the job?
- ❑ Responses:
 1. very satisfied
 2. satisfied
 3. dissatisfied
 4. very dissatisfied
 5. no opinion

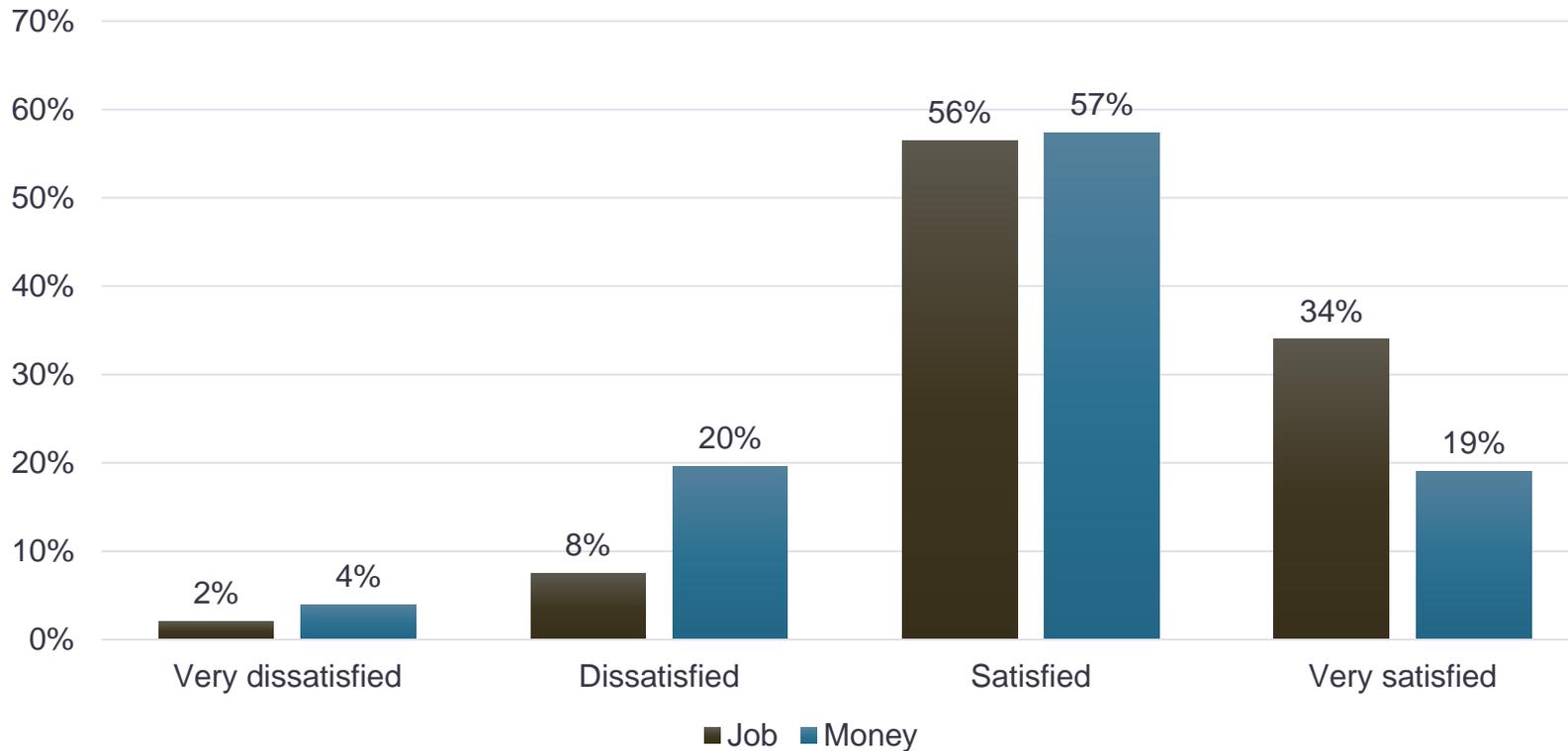


Data: workplace policies

- Employee participation programs
 - If participated in employee feedback or suggestion programs, task teams or labor-management committees, self-directed workgroups, notifications through a workplace performance newsletter, etc.
- Training and development
 - If received job-related classroom training or on-the-job training sponsored by employer
- Employee and family support programs
 - If offered child care, employee assistance, elder care, and fitness and recreation services
- Non-wage benefits
 - if provided pension plan, life insurance, or dental plan



Satisfaction with job and money



Source: the Workplace and Employee Survey, Statistics Canada

Correlation between job satisfaction and workplace policies



	job satisfaction	satisfaction with money	class room training	on-the-job training	employee participation	personal or family support	non-wage benefits
job satisfaction	1						
satisfaction with money	0.52*	1					
class room training	0.09*	0.05*	1				
on-the-job training	0.06*	0.03*	0.06*	1			
employee participation	0.09*	0.06*	0.22*	0.14*	1		
personal or family support	0.11*	0.12*	0.21*	0.10*	0.26*	1	
non-wage benefits	0.07*	0.09*	0.21*	0.09*	0.31*	0.32*	1

Source: the Workplace and Employee Survey, Statistics Canada

Methodology

- ❑ Control for unobserved heterogeneity
 - ❑ Individual unobserved heterogeneity is important in explaining the variation in job satisfaction.
 - ❑ Fixed-effect ordered logit model (Ferrer-i-Carbonell and Frijters, 2004, Baetschmann et al., 2015)
- ❑ Control for selection issue.
 - ❑ Question of job satisfaction was asked only for those employees who had stayed with the same employer over the two years.
 - ❑ Job satisfaction is correlated with work turnover.
 - ❑ Model the selection of stayers based on Heckman (1979), using aggregate job turnover rate at industry and regional level from administrative firm-level data.



Results: link between workplace policies and job satisfaction

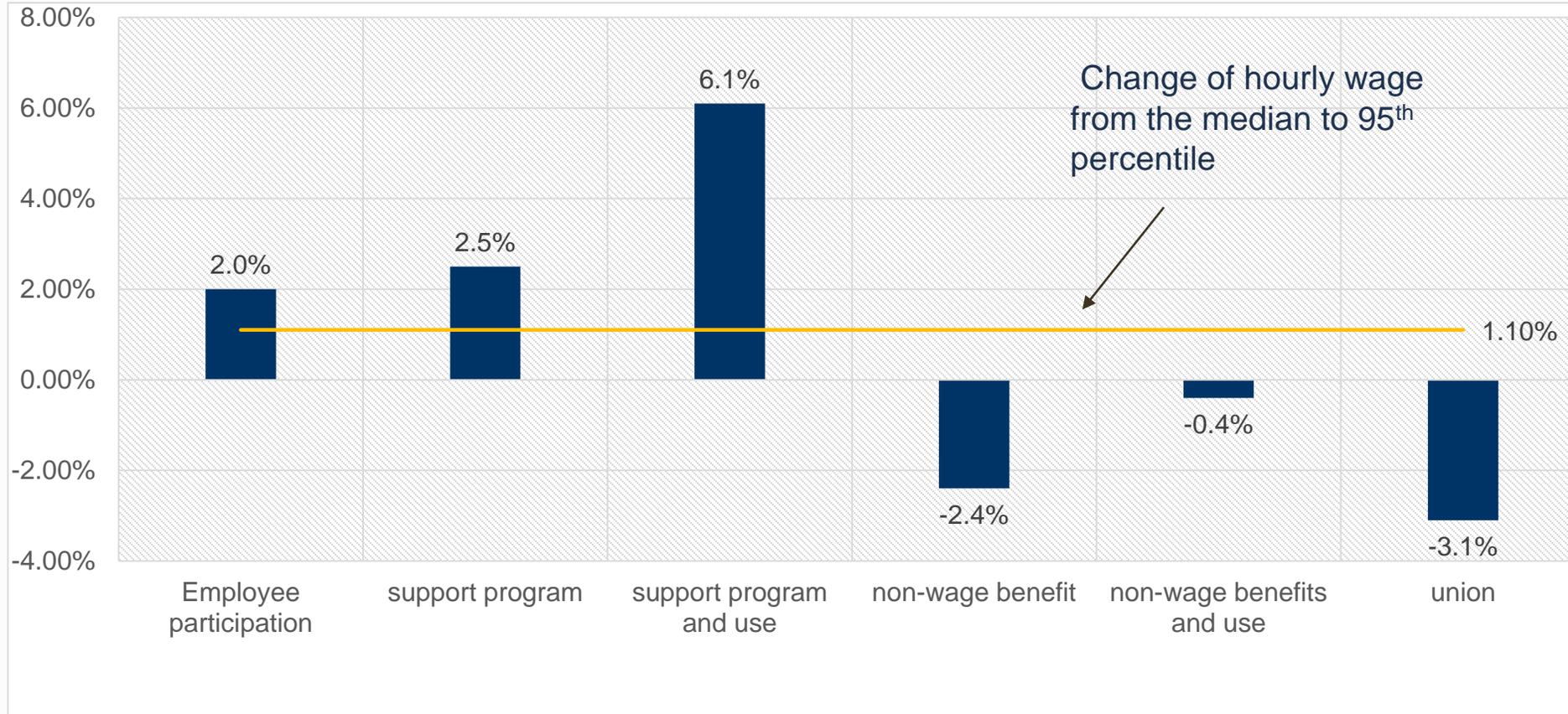


workplace policy	Level of job satisfaction	Change in job satisfaction
class room training	+	Not significant
on-the-job training	+	+
employee participation	+	+
personal and family support	+	+
non-wage benefits	Not significant	-
union	-	-

Source: the Workplace and Employee Survey, Statistics Canada



Results: impacts on change in job satisfaction, workplace policies vs. wages



Source: the Workplace and Employee Survey, Statistics Canada

Conclusion

- ❑ Provides Canadian evidence on the relationship between workplace policies and job satisfaction.
 - ❑ Introducing an employee participation program (especially, a communication mechanism between employees and management) or personal and family support program (especially, employee assistance and elder care) is important for improving job satisfaction of employees.
 - ❑ Impact of introducing these programs can be larger than that from a large increase in wages, providing a cost-effective way for business to improve workers' well-being.



Discussion

- ❑ Causality may go the other direction.
 - ❑ Employees that have higher job satisfaction may be more likely to participate those programs.
 - ❑ Next step: to examine the link between the adoption of particular policies / programs by business and its subsequent workplace-level job satisfaction.
- ❑ Highlights the importance and usefulness of matched employer-employee data in the well-being research.
 - ❑ International comparison
 - ❑ Detailed geographic information for business policies and individuals' well-being, if employer-employee match not possible



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