

En undersøgelse om værdien af god arbejdslyst, delrapport III  
**Arbejdslyst gør  
samfundet rigere**



## EXECUTIVE SUMMARY OF NEW REPORT

# Job satisfaction makes society richer!

**New research report shows that good job satisfaction represents billions in potential for the economy!**

*Job satisfaction makes society richer (2022)* is the third report examining the value of good job satisfaction to come out of long-standing cooperation between the Job Satisfaction Knowledge Centre and Kraka Advisory. In the first report, *Wellbeing pays off (2019)*, we determined the value of job satisfaction for the individual employee. In the second report, *Job satisfaction boosts the bottom line (2021)*, we determined its value for organisations.

### **The link between job satisfaction, the economy and public finances**

With the third report, we have covered all aspects of creating better job satisfaction for employees in Denmark. It brings together the knowledge we acquired in the two previous reports, while adding new analyses of the importance of job satisfaction for the economy and public finances.

The conclusion is clear: better job satisfaction brings great economic benefits!

### The study is based on the Job Satisfaction Index

Since 2015, the Job Satisfaction Knowledge Centre has been working to understand and measure the development of Danes' job satisfaction by means of the Job Satisfaction Index. Charting which factors<sup>1</sup> in Danish workplaces promote wellbeing and good job satisfaction is an important part of the Knowledge Centre's work. The research report builds on the Knowledge Centre's work by analysing the economic importance of good job satisfaction.

### Focus of the report

Based on Danish data and using internationally recognised methods, this report contributes unique documentation of the value of wellbeing and good job satisfaction for the economy as a whole to the research literature. The report presents information on:

- The social value of better job satisfaction in hard cash
- The value of good job satisfaction for public finances
- The importance of job satisfaction for employees' use of healthcare

### The benefit for the economy is welfare

By economic benefits we mean improvements in the overall welfare of society, regardless of which person or organisation the improvement serves. Specifically, we look at:

- Employees' welfare, productivity and number of years in the labour market
- Cost of treatment in the health service

For example, an improvement in job satisfaction leads to employees becoming more productive. This means that organisations create more value. The analysis of economic benefits looks at the additional value organisations create when job satisfaction is improved.

### The benefit for public finances is hard cash in the public purse

By benefits for public finances, we mean changes in the cashflows to and from the public sector, with more money flowing into the public sector or less money flowing out of it. Specifically, we look at:

- Savings on sick pay
- Higher corporation tax and income tax revenue
- Savings on pensions

For example, an improvement in job satisfaction leads to higher productivity in organisations. Central and local government receive part of the additional value created in the form of higher corporation tax revenue. In this example, the benefit for public finances of greater job satisfaction is an increase in the revenue from corporation tax. The benefit for public finances is part of the benefit for society.

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1. See the seven factors affecting job satisfaction at the bottom of page 4.

## THE MOST IMPORTANT ANALYTICAL RESULTS

The survey model and calculation methods are described in detail in the report. The report presents the survey's key results, which are summarised in brief below:

Improving Danes' job satisfaction offers € 6.4 billion (DKK 47.6 billion) in economic potential.

Improving job satisfaction by just a single point on a scale of 1-100 would generate an economic benefit of € 6.4 billion (DKK 47.6 billion). This is shown by our potential calculation, which is made up of four components:

1. The value of better job satisfaction for employees
2. The productivity benefit resulting from employees with better job satisfaction being more efficient
3. The benefit resulting from employees with better job satisfaction retiring from the labour market later
4. The health cost savings for employees with better job satisfaction

### The value of job satisfaction for employees is the greatest benefit

The largest potential offered by better job satisfaction comes from the value of job satisfaction for employees. This value corresponds to what employees would pay to have their job satisfaction improved. The total value for society is equivalent to € 4.84 billion (DKK 36 billion) for all employees in Denmark based on the average employee assigning a value of € 2110 (DKK 15.700) per year to one point more in job satisfaction.

### Benefit of € 1.42 billion (DKK 10.6 billion) from increased productivity

The second-largest potential offered by better job satisfaction is increased productivity. The potential comes from employees with better job satisfaction being more productive and, for example, less prone to falling ill or changing job. Increased productivity offers total economic potential of € 1.42 billion (DKK 10.6 billion) per point of better job satisfaction. For all organisations in the private sector, the benefit is equivalent to € 1 billion (DKK 7.4 billion).

For the public sector, the total benefit is € 430 million (DKK 3.2 billion). This figure is made up of €48.4 million (DKK 360 million) for state-owned enterprises and € 380 million (DKK 2.8 billion) for public administration and service.

### Benefit of approx. € 130 million (DKK 1 billion) from later retirement

The third-largest potential comes from employees retiring from the labour market later. Employees with high job satisfaction stay in the labour market longer. The social benefit corresponds to the additional value employees create in the extra time on the labour market. This benefit is equivalent in total to a value of approx. € 130 million (DKK 1 billion) per point of better job satisfaction.

### Benefit of € 2.7 million (DKK 20 million) from a fall in health costs

The fourth-largest potential comes from employees with better job satisfaction making less use of healthcare in general practice and from other specialists. For all Danish employees combined, this effect is equivalent to a potential of € 2.7 million (DKK 20 million) per point of better job satisfaction.

### Benefit of € 350 million (DKK 2.6 billion) for public finances

Increased job satisfaction among Danes puts money in the public purse. Firstly, the benefit comes from more productive private enterprises paying more in corporation tax. Secondly, state-owned enterprises also benefit in terms of productivity and earn more. Thirdly, better job satisfaction leads to less long-term sick leave and therefore to less sick pay being refunded from the public purse.

All in all, the potential for public finances amounts to more than € 350 million (DKK 2.6 billion). This potential breaks down into € 280 million (DKK 2.1 billion) for central government, € 70 million (DKK 520 million) for local government and € 2.7 million (DKK 20 million) for the regions.

## READ MORE

All the results above are presented and examined in detail in *Job satisfaction makes society richer – a study of the value of good job satisfaction*.

*The full report can be downloaded free of charge at [krifa.dk](http://krifa.dk)*

#### Study facts

The study was developed jointly by Kraka Advisory and the Job Satisfaction Knowledge Centre based on surveys conducted by Statistics Denmark.

This third sub-report is once more based on the job satisfaction surveys of 4,500 representatively selected Danish employees together with up-to-date data on organisations' accounts and contemporaneous figures for, among other things, sick leave from Statistic Denmark's administrative registers, supplemented with new analyses of the importance of job satisfaction for the economy and public finances.

#### What is job satisfaction?

We differentiate between job pleasure and job satisfaction. Pleasure is the feeling we get when we experience something we like or find pleasant and satisfying. Pleasure relates to delight, joy and exultation. But an ordinary working life will also offer much more. It is not all cake, balloons and celebrations with colleagues. Job satisfaction is more about wellbeing and motivation. About enhancing or (re)discovering the desire to be involved and make a difference – for oneself and for others. Even when it is hard.

#### The seven factors affecting job satisfaction

The Job Satisfaction Knowledge Centre has identified seven factors that together account for most of the Danes' job satisfaction – and are also of great importance in terms of our general sense of happiness and life satisfaction. The seven factors are **meaning, mastering, balance, leadership, influence, achievements and colleagues**. Read more about job satisfaction and the seven factors at [krifa.dk/videncenter](http://krifa.dk/videncenter)