

Work-Life Balance and Happiness

**Prof. Andrew Oswald
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WBS Lecture**

Economics is changing

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**Researchers are studying
mental wellbeing.**

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**Researchers are studying
mental wellbeing.**

**We are drawing closer to
psychology and medicine.**

**Could we perhaps learn
how to ...**

**make nations and prime
ministers cheerier..?**



**or perhaps a whole
organization...like a bank**

**... or a business school
(even) happier?**



Some good news to start:

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**In Western nations, most
people are happy with
their lives**

The distribution of life-satisfaction levels among British people



Source: BHPS, 1997-2003. N = 74,481

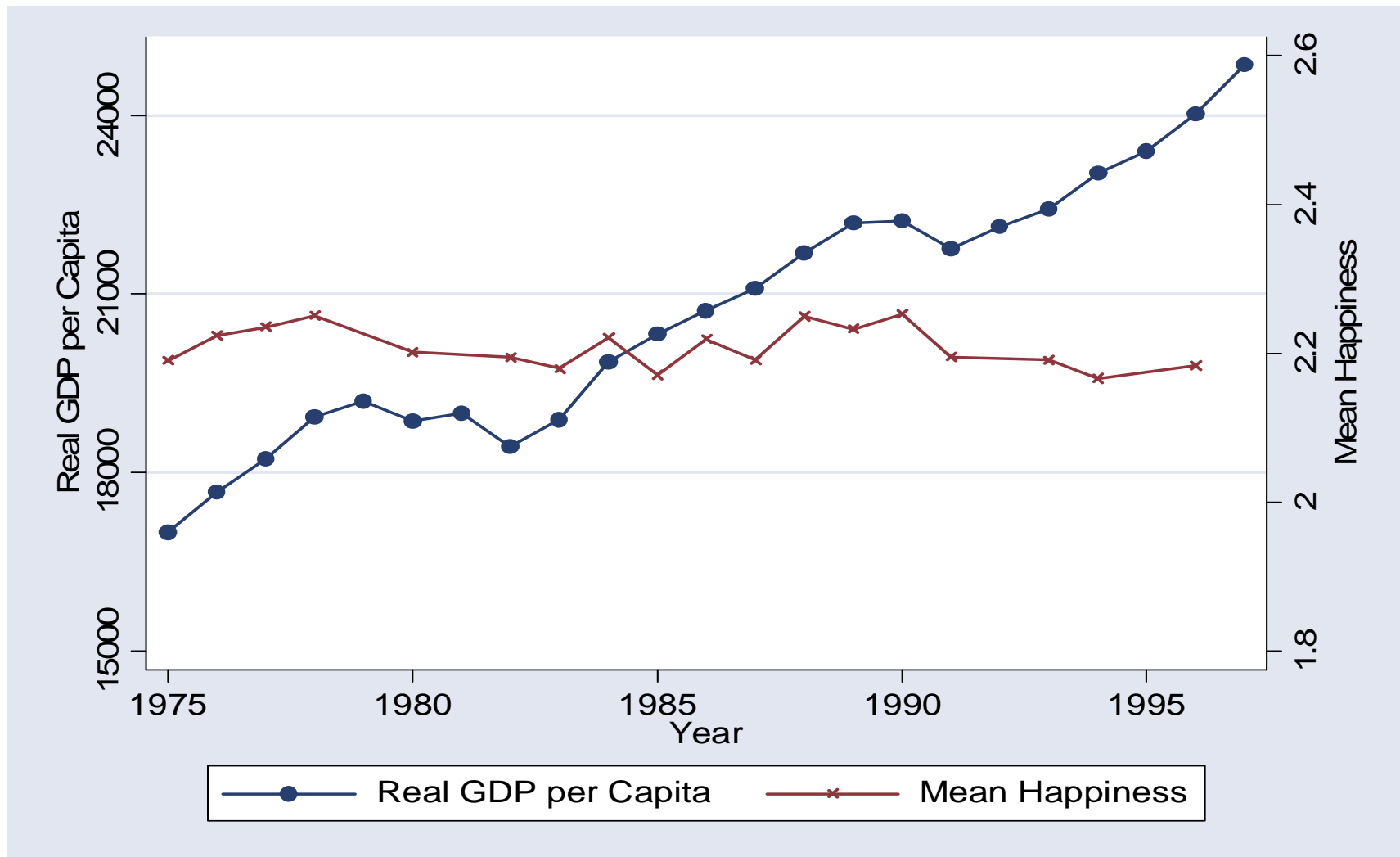
But the time trend is less encouraging.

**Despite economic growth,
there is evidence that
society is not becoming
happier.**

For example

**A simple graph to worry
finance ministers all over
the world:**

Average Happiness and Real GDP per Capita for Repeated Cross-sections of Americans.



Statistical methods

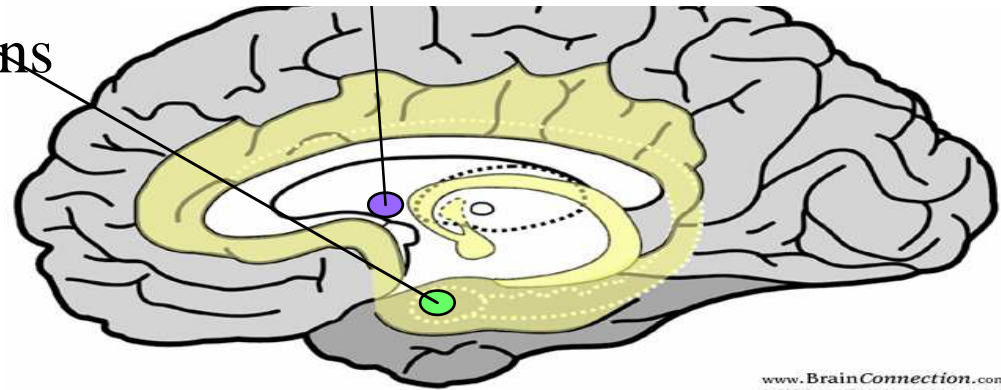
How is it possible to study happiness and mental wellbeing in a systematic way?

Self-reported happiness
relates strongly to.....



Amygdala:
emotions

Pleasure centre: septal area of
the hypothalamus

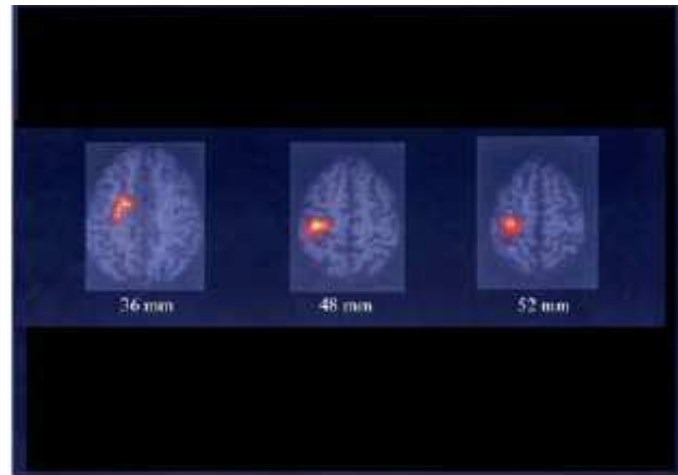


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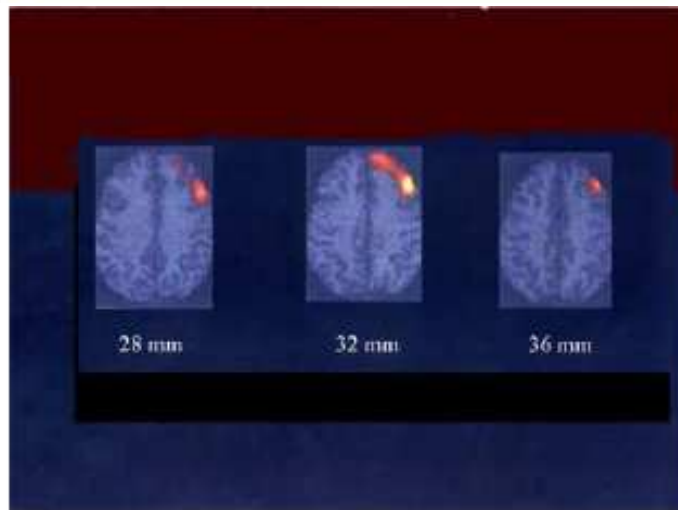
- **activity in the brain's pleasure centres**
- **health, smiles, positive emotional arousal, and future intentions**

Brain Responses in Two Pictures (MRI Scans)

Happy



Sad



Source: Richard Davidson, University of Wisconsin

***Reported happiness is
correlated with...***

- **A person's assessment of happiness by friends and family**
- **Person's assessment of happiness by spouse**
- **Person's recall of good and bad events**
- **Heart rate and blood pressure response to stress**
- **The risk of getting coronary heart disease**

Typical GHQ mental-strain questions

Have you recently:

Lost much sleep over worry?

Felt constantly under strain?

Felt you could not overcome your difficulties?

Been feeling unhappy and depressed?

Been losing confidence in yourself?

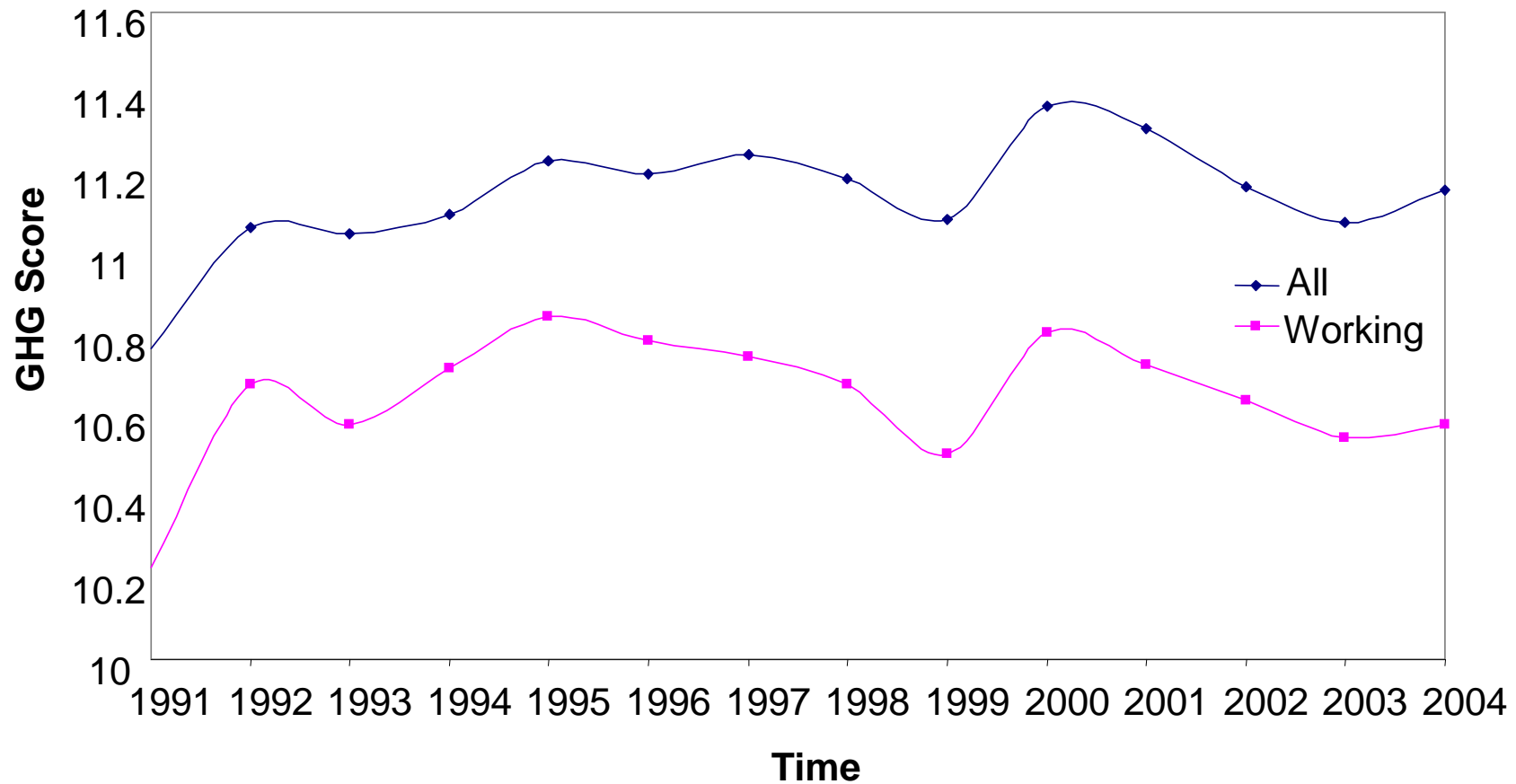
Been thinking of yourself as a worthless person?

Work and Jobs in Britain

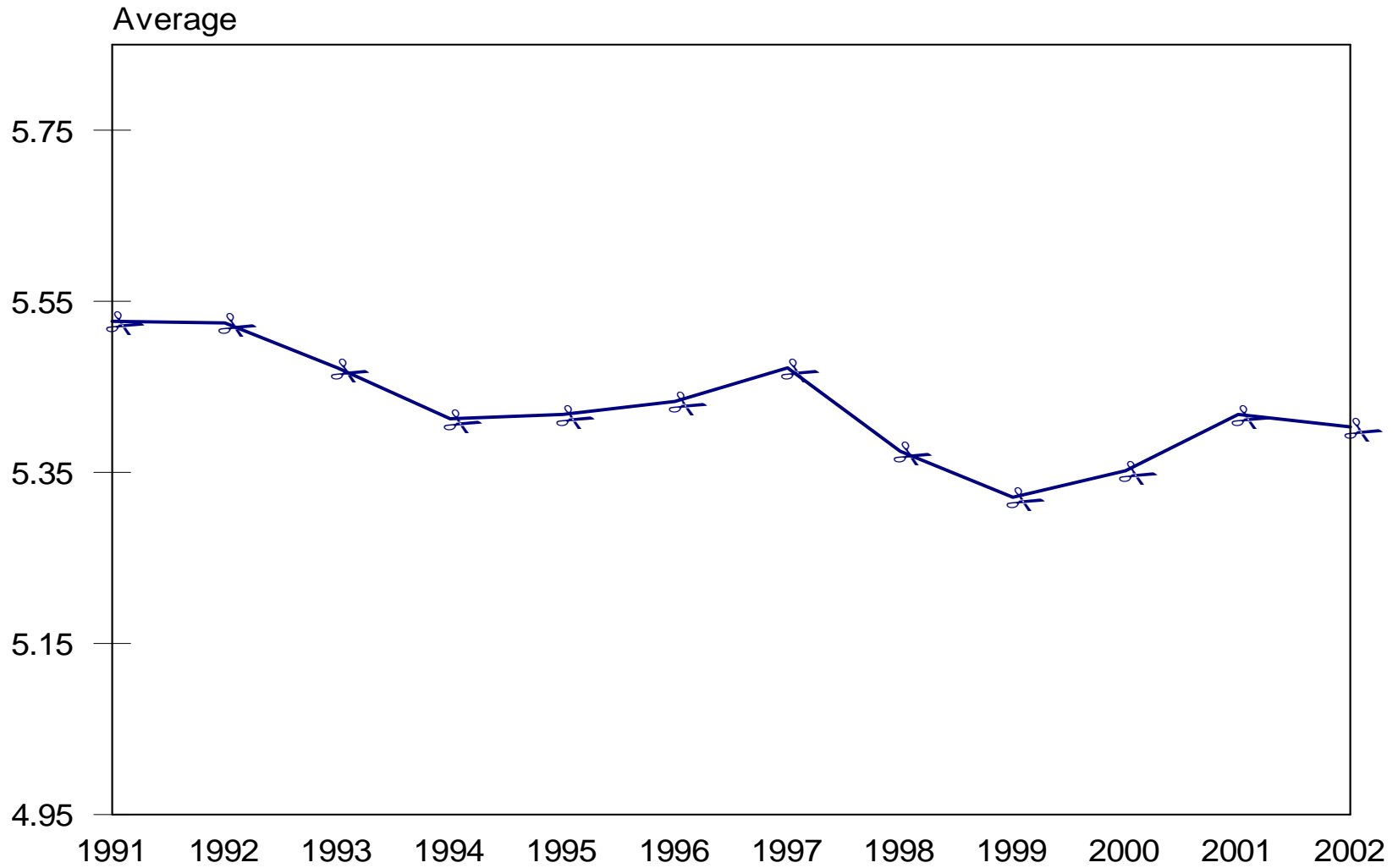
What do the latest data show about strain and work-life balance?

In our country, GHQ mental strain levels appear to be worsening over time.

GHQ stress scores, BHPS, 1991-2004



Job satisfaction is trended down



Why?

- **It is not because of increases in job insecurity.**
- **Instead, there seems to have been a noticeable rise in work intensity and tiredness.**

ISSP international data on work-life balance

“If you could change the way you spend your time, how would you...?”

“...I would like to spend much more time with my family” (% workers)

USA	46%	New Zealand	26%
Great Britain	36%	Switzerland	23%
Sweden	32%	Italy	21%
Norway	27%	Netherlands	18%
Denmark	26%	Japan	9%
Canada	26%	Spain	8%

Source: Blanchflower and Oswald (2000a) and International Social Survey Programme, 1997



***This work-life balance problem is
greatest among:***

- **The middle-aged**
- **Those with high
educational qualifications**
- **Men**

**There is some other
evidence that our nation
has a problem.**

The proportion in the Labour Force Survey who report “depression, bad nerves or anxiety” is going up:

1998 0.9%

2002 1.4%

2006 1.7%

Prescriptions for anti-depressant drugs trebled between 1991 and 2003.

The UK's ranking on job satisfaction

We rank **below**

Denmark

Netherlands

Luxembourg

Austria

Norway

Finland

Sweden

Ireland

USA

New Zealand

Switzerland

Germany



A taste of well-being research (1)

Happiness is high among:

A taste of well-being research (1)

Happiness is high among:

Women

People with lots of friends

The young and old

Married and cohabiting people

The highly educated

The healthy

Those with high income

A taste of well-being research (2)

Happiness is particularly low among:

The unemployed

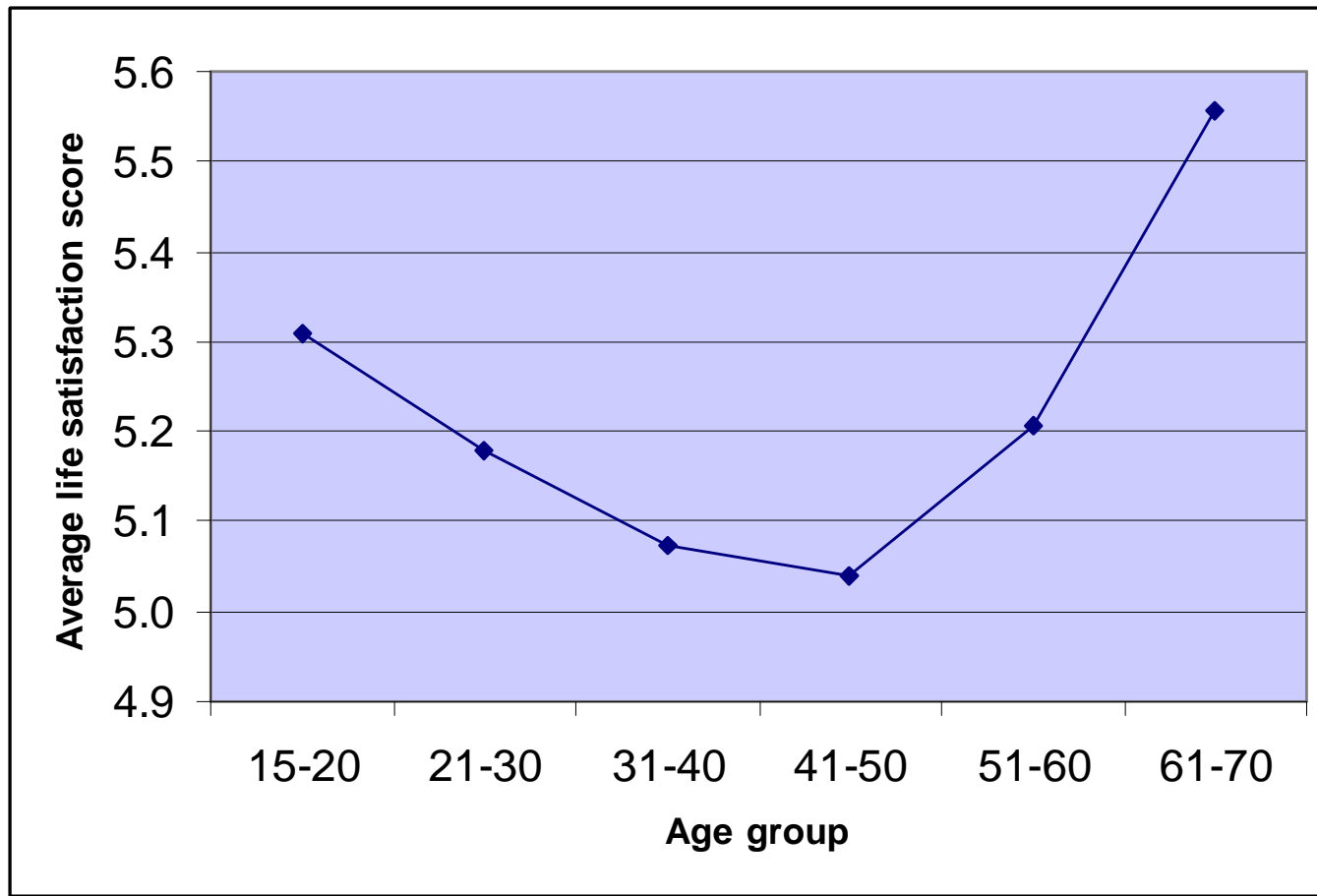
Newly divorced and separated people

*and children have no effect on
happiness*



**Happiness is U-shaped
through the life cycle**

The pattern of a typical person's happiness through life



This holds in many settings

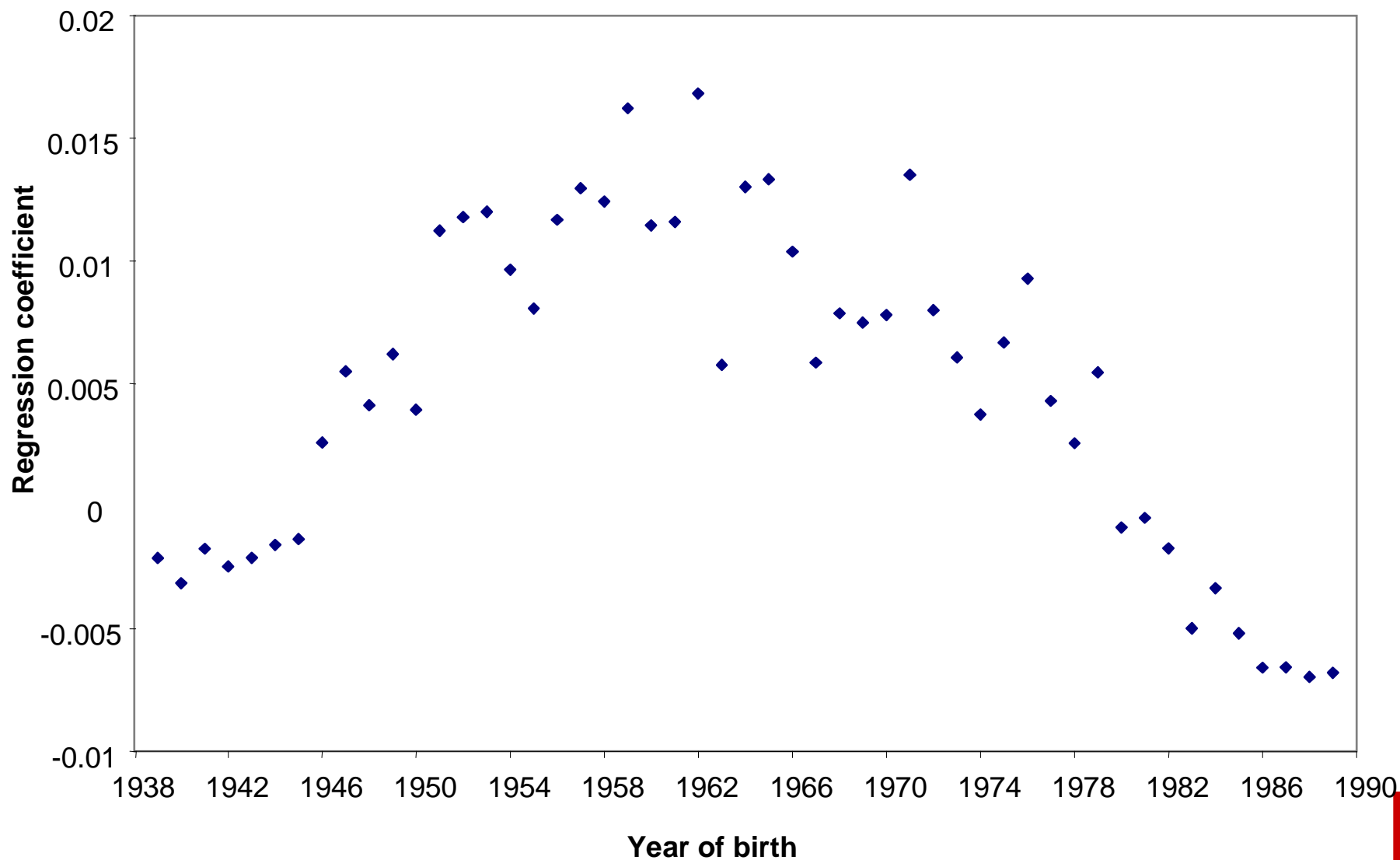
This holds in many settings

For example, we see the same age pattern in the probability of depression among a recent sample of 800,000 UK citizens:

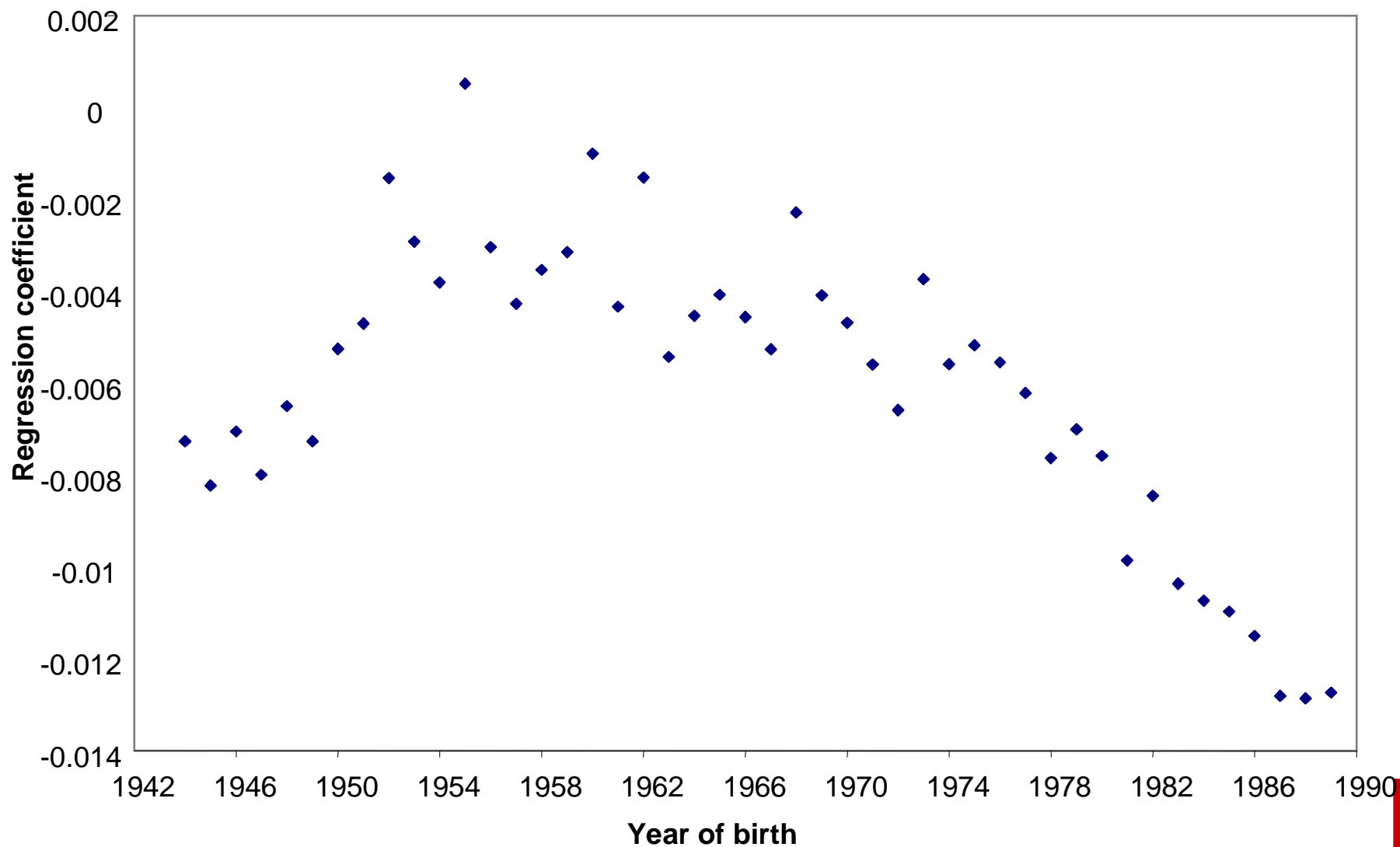
[Blanchflower and Oswald, 2006]

The probability of depression by age

Males, LFS data set 2004-2006



Depression by age among females: LFS data 2004-2006Q2



In passing

In this data set, the probability of depression is lower among the better educated.

Now what about money?

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The data show that richer people are happier and healthier.

**In the literature, one broad
feature is striking:**

***The state of the mind determines
the health of the body***

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the health of the body***

Those with high status live longer
*(being promoted seems more important
than a healthy diet and exercise)*

Married people are healthier *(marriage
offsets smoking)*

To the gentlemen:

To the gentlemen:

If you must smoke,

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If you must smoke,

**it is essential to get
married.**



**Another intriguing feature of
the data:**

Humans are adaptive.

**They have amazing
resilience: eg. to**

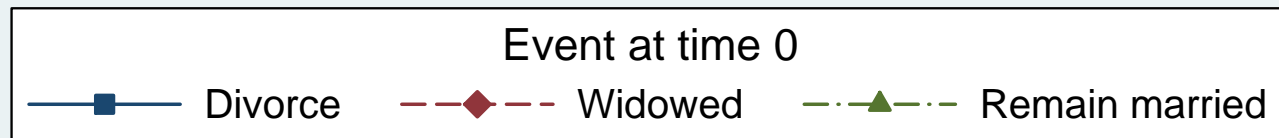
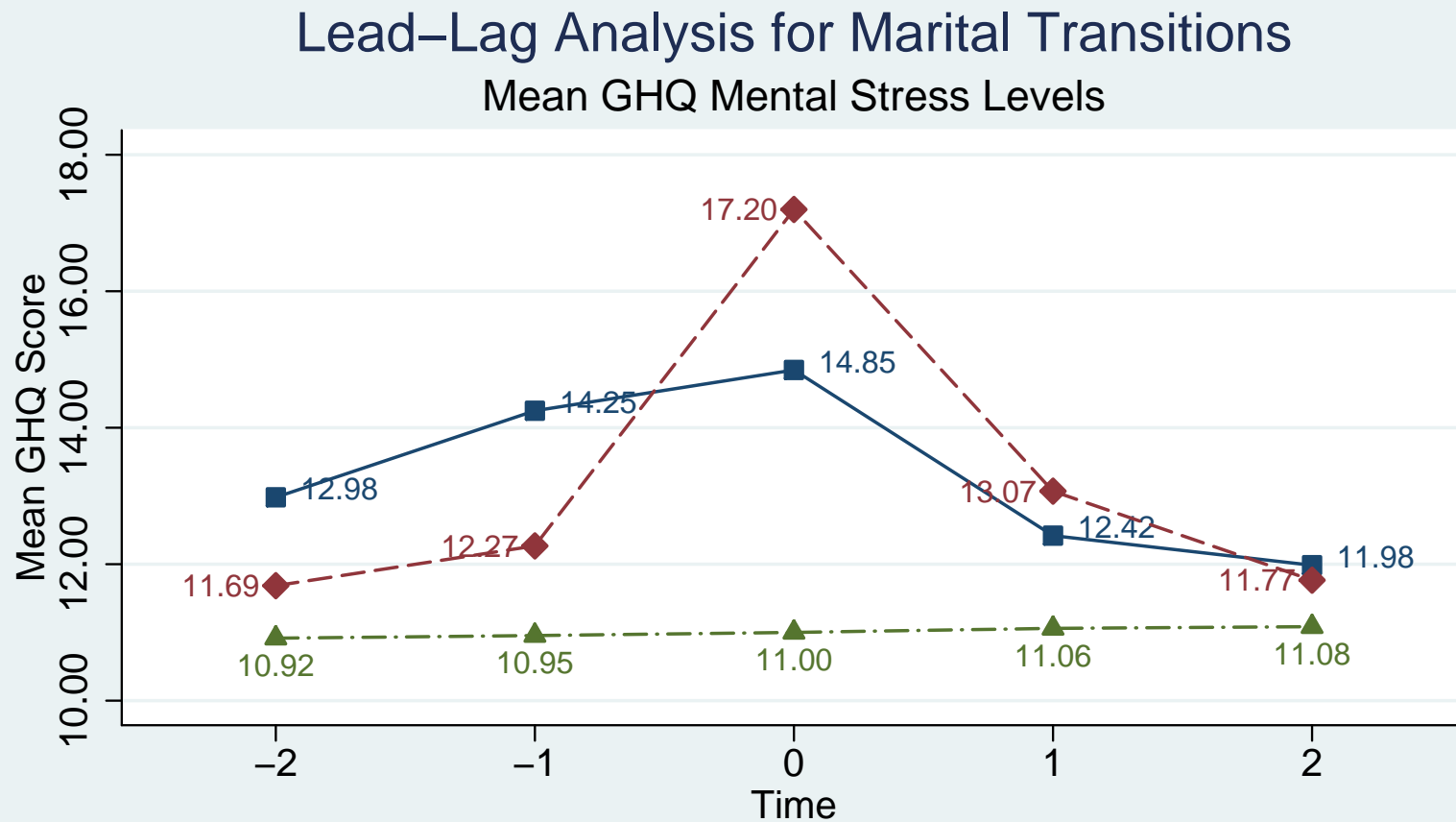
(i) divorce

(ii) disability.

Comparing two years before divorce to two years after, there is marked improvement in psychological health.

We use a GHQ mental strain score.

Divorce eventually makes people happier

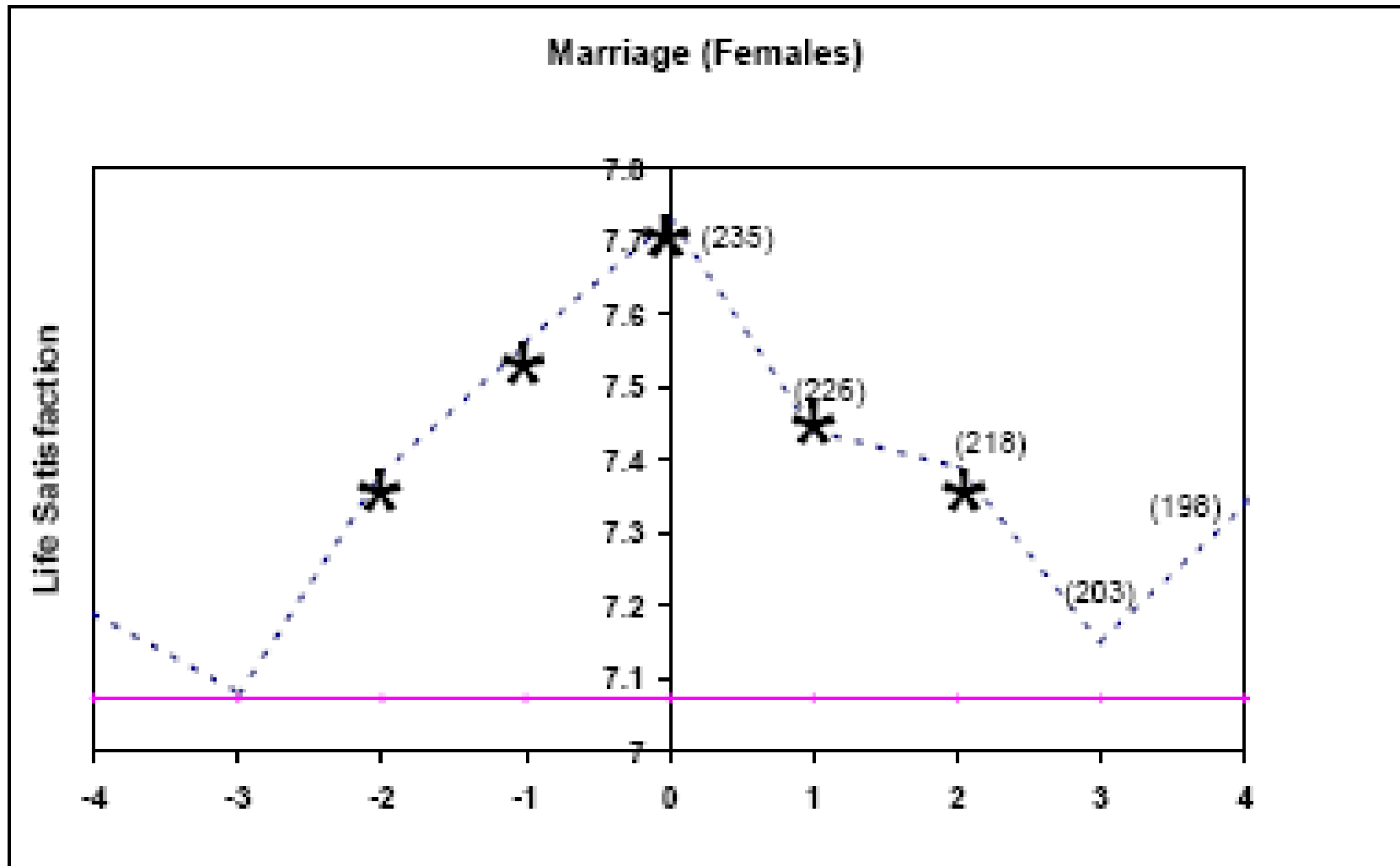


Data Source: BHPS

Human beings also bounce back remarkably from, say, disability.

**However, there is also a downside to
that emotional adaptability**

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What about happiness in whole countries?

When a nation is poor, extra riches will raise happiness.

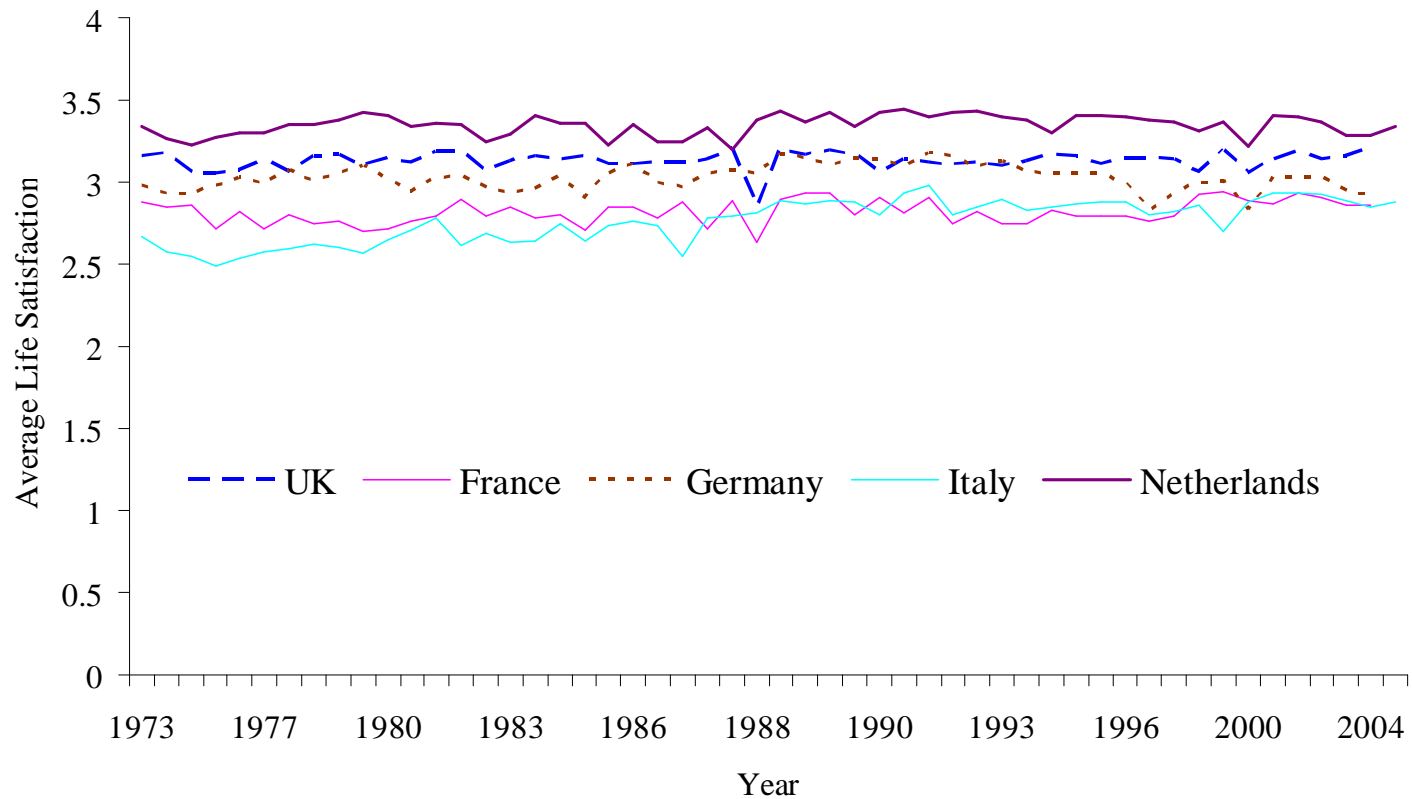
When a nation is poor, extra riches will raise happiness.

Say we look at a scatter plot across many countries:

Yet

- **Growth in income is now not correlated with growth in happiness**
- **This is the “Easterlin paradox”**

Well-being is flat through time in lots of rich countries



and

In the USA, real income levels have risen six-fold over 100 years but:

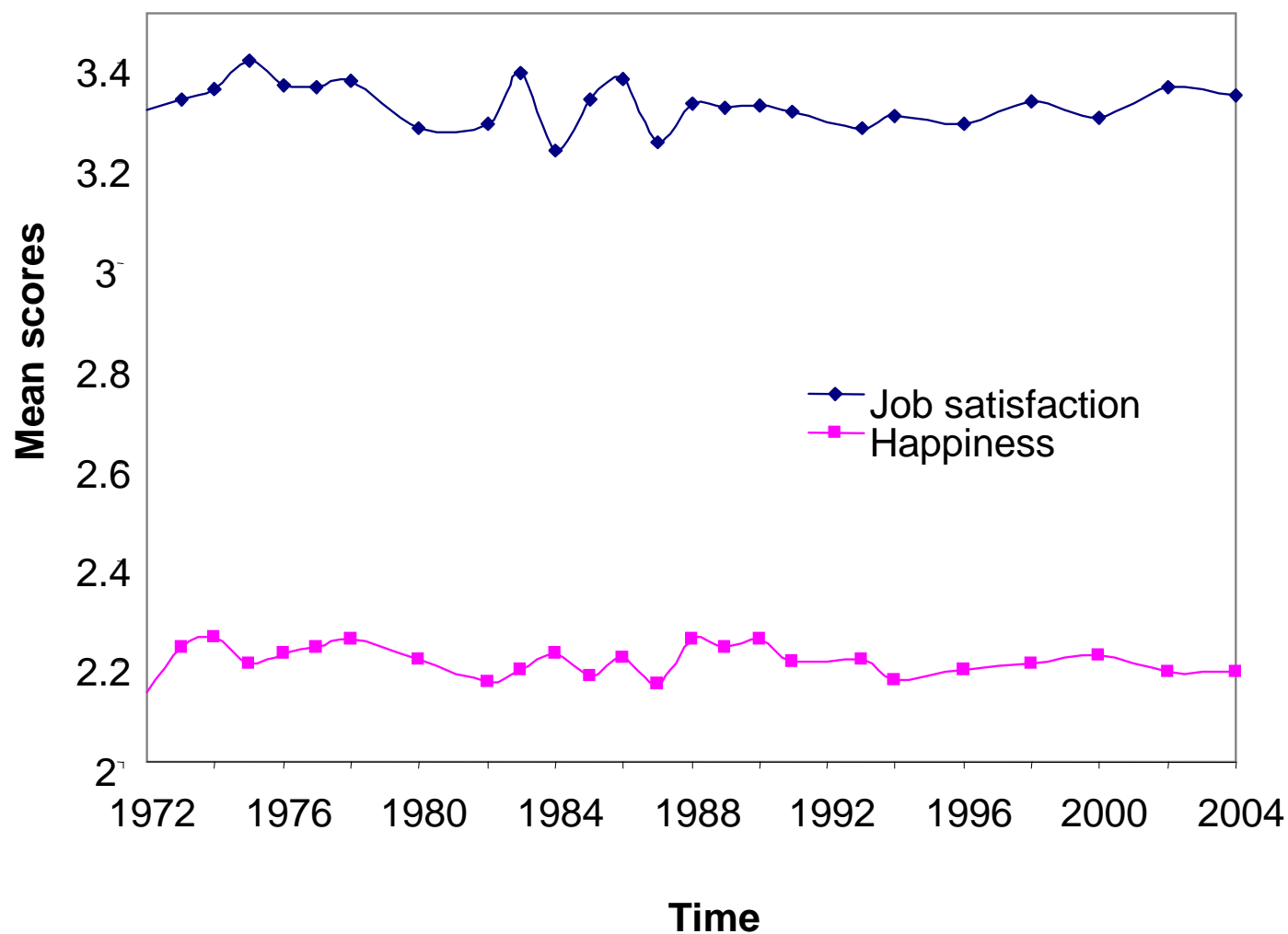
Year 1900 Suicide rate = 10 in 100,000 people

Year 2005 Suicide rate = 10 in 100,000 people

In the USA, both *job satisfaction* (scale 1-4) and *happiness* (scale 1-3) have been flat since 1972

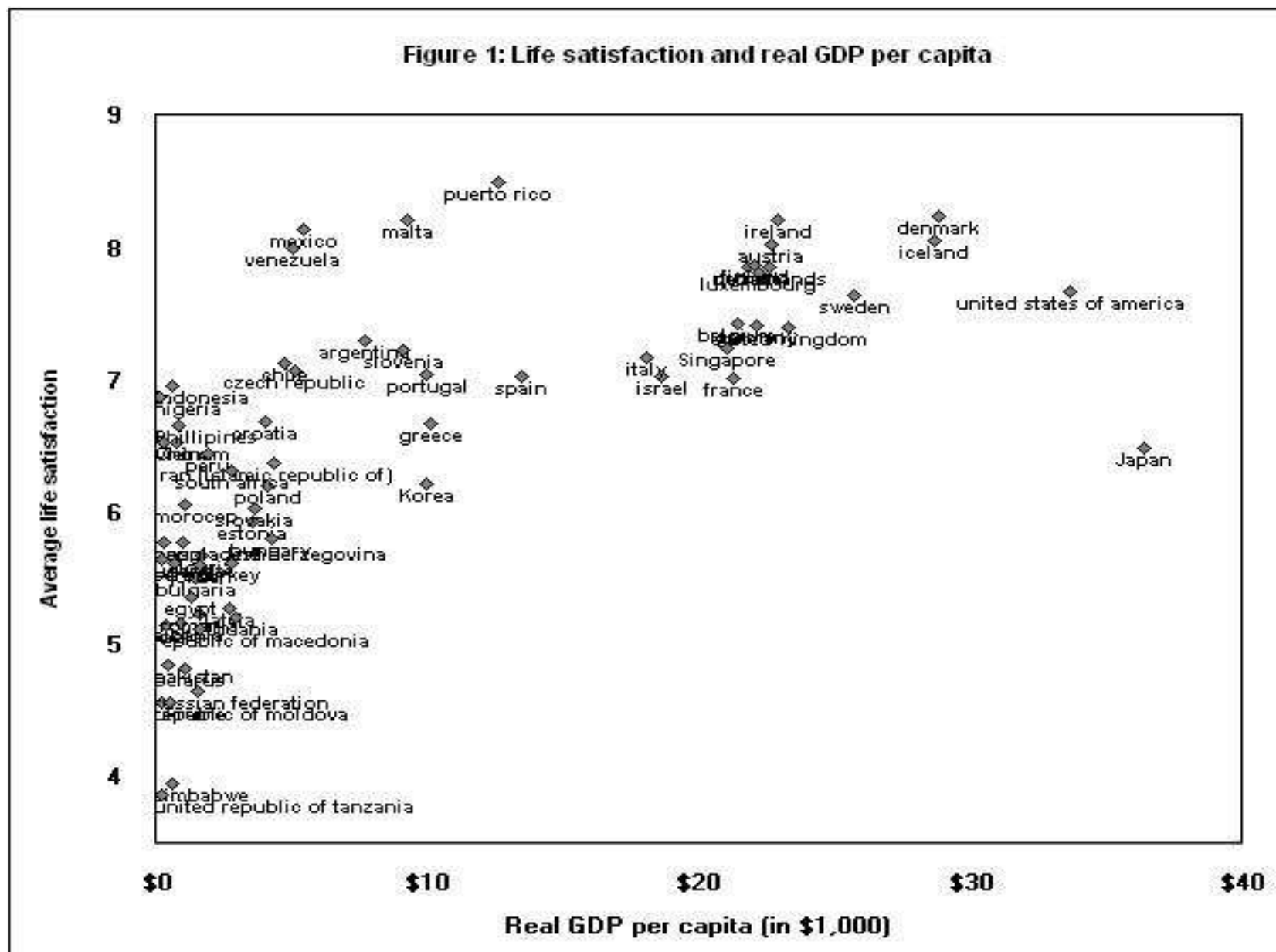


Figure 7. Job Satisfaction and Happiness, USA
(General Social Surveys)



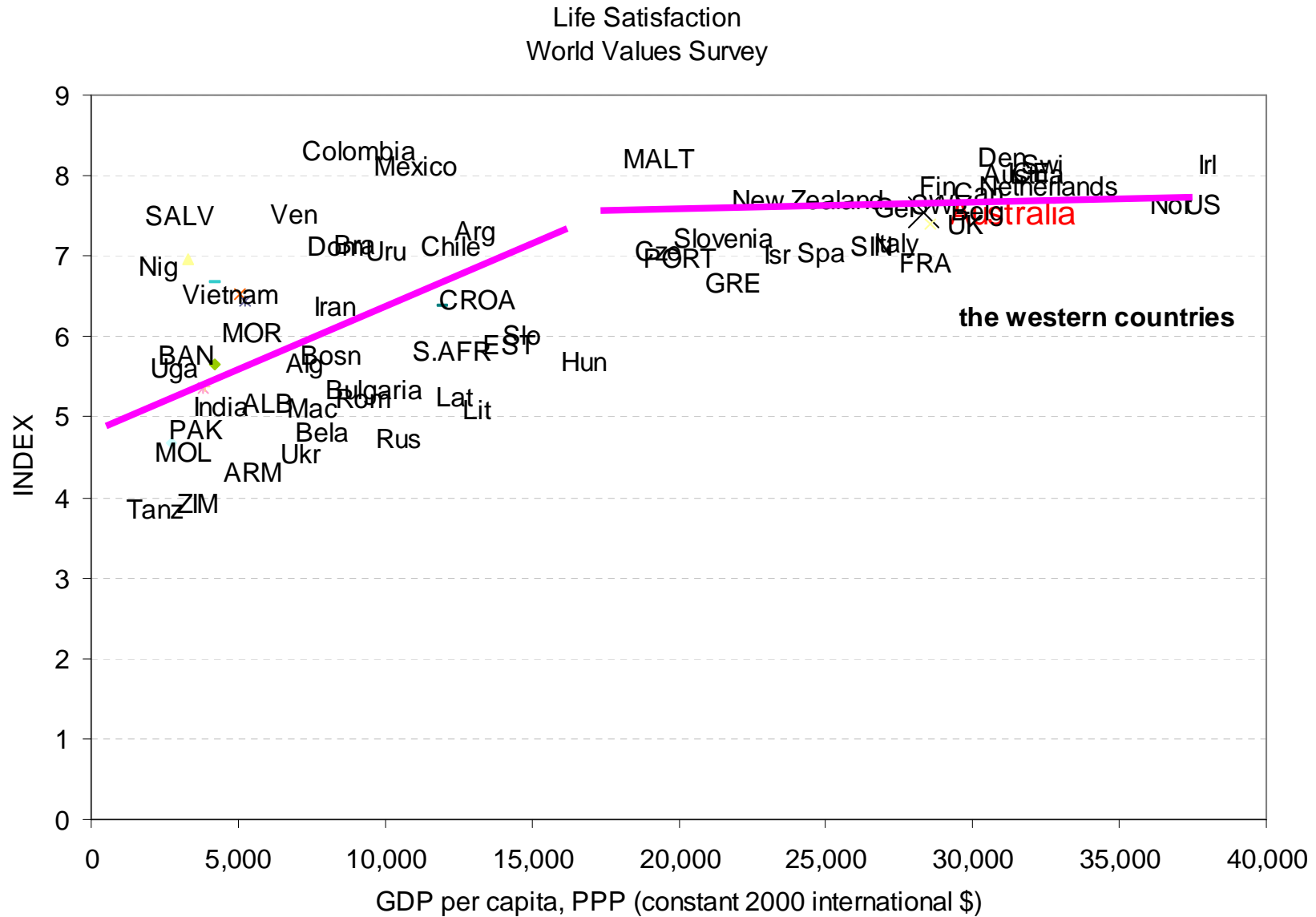
**Are there diminishing
returns to real income?**

Very probably yes.



Source: World Values Survey, 1995

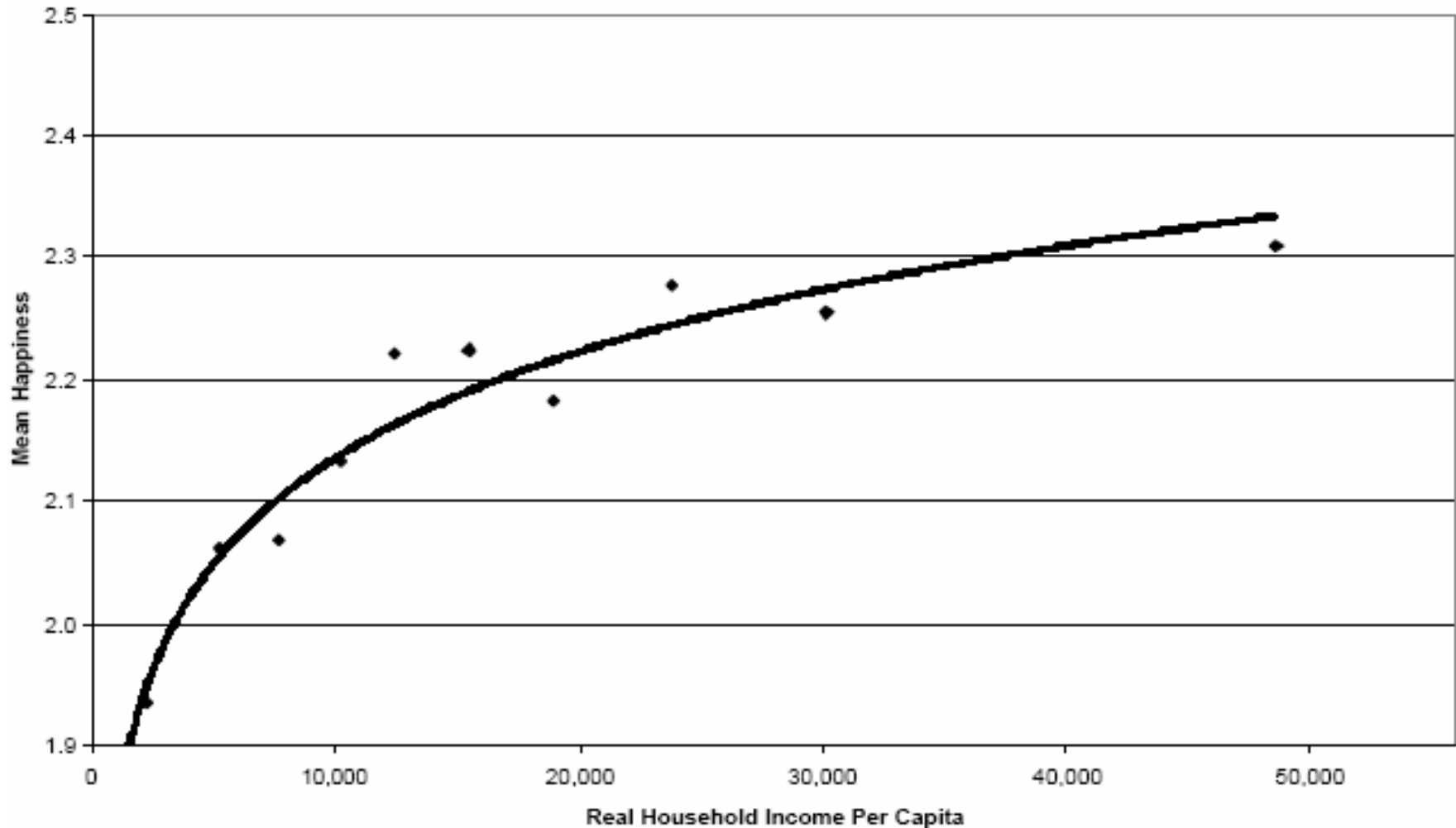
1995/2000 World Values Survey results



Similar results within a nation

(though cardinality questionable)

Take American families in 1994 for example



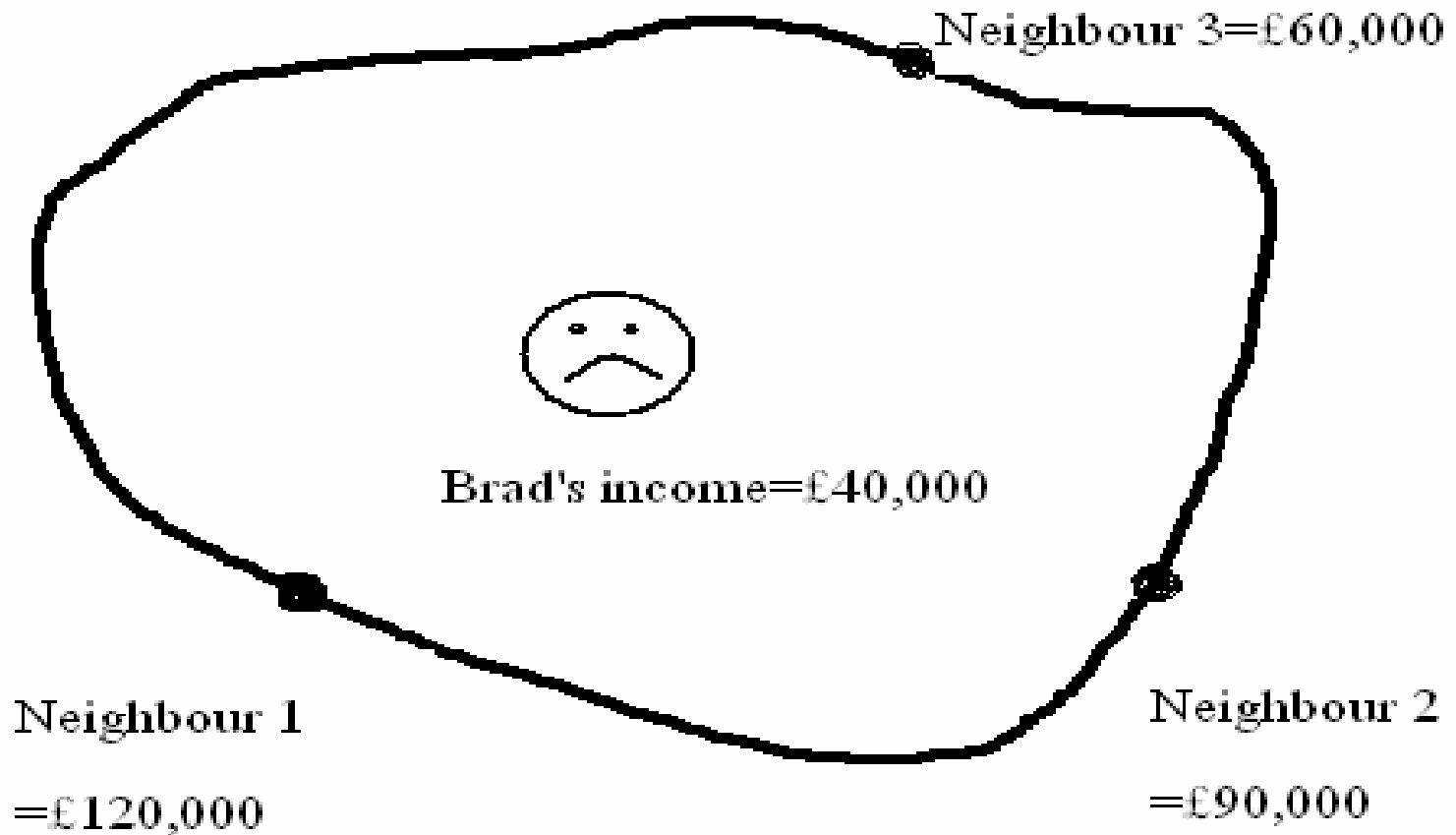
**So what exactly goes wrong
when a wealthy country gets
richer?**

We are not certain, but..

Some clues...

- **Social comparison (you compare your 3 BMWs to people with 3 BMWs)**
- **Habituation: people adapt to money**
- **Mistaken choices (long commutes and working hours)**

Social Comparisons



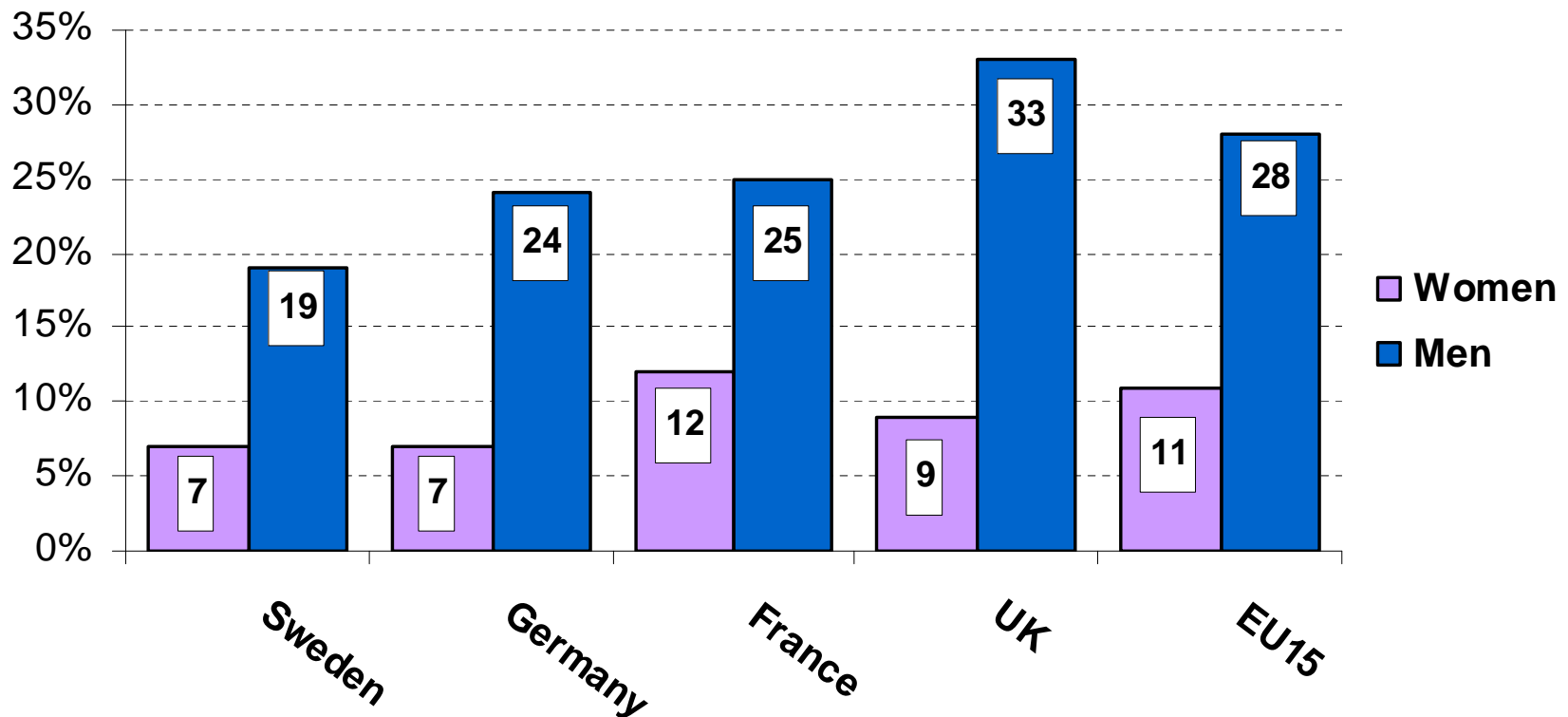
**Producing a happier
society?**

Possible ideas

- **Envy and social comparisons are counter-productive at the aggregate level**
- **Some argue for a ‘corrective tax’ system – one that reduces work effort to a level where the fruitless incentive to raise your relative income has been fully offset (Frank and Layard)**
- **In terms of positional goods, e.g. luxury cars – could be taxed much more**

Another difficulty: Long working hours in the EU

Graph 1: % of employees working over 45 hours per week



Source: *European Working Conditions Survey, 2000*

Practical points

- **Commuting takes a severe toll on people.**
- **A coordinated slowing-down would be valuable.**
- **Giving employees as much autonomy as possible is beneficial.**

Summing up

**Given our current real
income levels:**

Summing up

Given our current real income levels:

Growth is not making the industrialized nations happier.

**There does seem evidence
of a genuine work-life
balance problem in modern
society.**

One natural conclusion

**Policy in the coming century
will need to concentrate on
non-materialistic goals.**

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will need to concentrate on
non-materialistic goals.**

GNH not GNP.



Thank you for coming

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Papers downloadable at
www.andrewoswald.com

I here owe a great debt to the work of David G Blanchflower, Paul Frijters, Nick Powdthavee, and Justin Wolfers