Happiness Makes Workers More Productive: Evidence from Large-Scaled Experiments

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Abstract
There is an increasing interest among firms in investing in the happiness of their employees. However, the empirical evidence of the causal relationship between happiness and productivity is limited (Oswald et al., 2015; Bellet et al., 2020). Therefore, we conducted two different styles of large-scaled experiments which exogenously provide the variation in the level of happiness among employees and civil servants in Japan (n=6,201) to test the causal relationship. The first experiment is a Randomized Controlled Trial (RCT) showing a comedy clip to the treatment group while showing a control clip of moving shapes to the control group to test if the raised happiness induced by the comedy clip makes participants more productive. The second experiment is a natural experiment exploiting exogenous real-life negative shocks on happiness (death or serious illness of the spouse) to test if the lowered happiness caused by the shocks lowers productivity. The productivity of each participant is measured by the number of correct answers of timed mathematical additions that participants solve for monetary incentives after watching a comedy/control clip. Both experiment results support the causal relationship of happiness raising the productivity of workers.

Keywords: Happiness; Productivity; Randomized Controlled Trial

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