

# New Research: Work Wellbeing Is Good for People — And Profits

By [Anita Little](#) May 18, 2023

<https://www.indeed.com/lead/new-research-work-wellbeing-is-good-for-people-and-profits>

*Groundbreaking data from a recent Oxford study reveals that wellbeing isn't just a perk — it's a business imperative*

Companies should prioritize employee wellbeing because it's the right thing to do. But new data from Indeed, analyzed by Oxford researchers, shows that it's the profitable thing to do too: Companies with higher levels of wellbeing have better valuations, better return on assets and better profits.

**The study** is based on the largest data set on workplace wellbeing ever — a total of more than **15 million surveys** on wellbeing have been completed on the Indeed platform. “The data set is not only unique in how big it is, but how rich it is,” says Professor Jan-Emmanuel De Neve, the study's lead author and the director of the Wellbeing Research Centre at the University of Oxford. “We're hearing directly from the employees themselves. It's not an HR officer telling us how they think employees feel. We're actually getting to the heart of the matter.”

Adds De Neve: “While leaders might intuitively know that how people feel is important, it's hard to push this agenda if you can't show the return on investment. They haven't jumped to prioritize it in part because there hasn't been enough hard data. But now there is.”

The numbers reveal that the most successful organizations aren't prioritizing profit over people — they are profiting by *prioritizing people*. Here's what the groundbreaking data means for company leaders and employees.

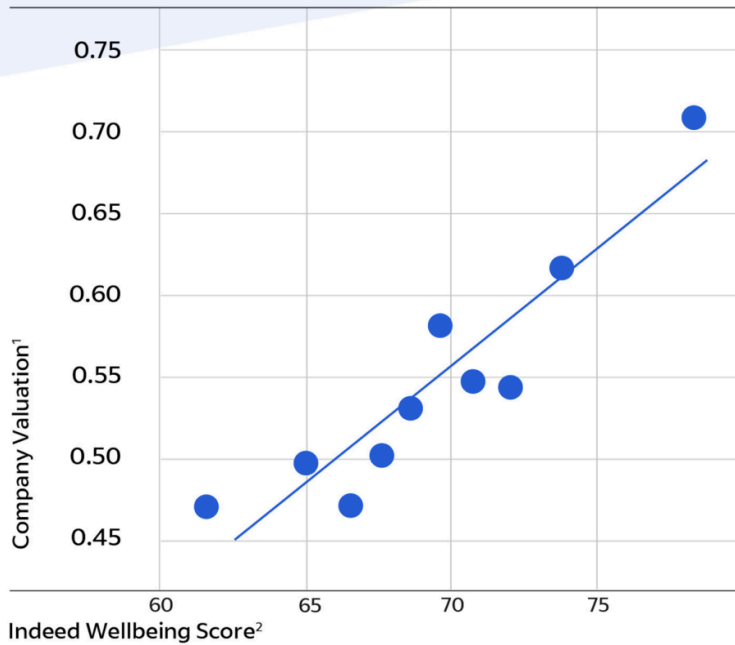
## Why Work Wellbeing Is a Business Imperative

In this study, De Neve and his team of researchers used employees' self-reported wellbeing data from Indeed to draw conclusions about what many leaders might have suspected but couldn't support with incontrovertible proof.

Since 2019, Indeed has collected wellbeing data from employees by having them answer questions that rate their levels of happiness, job satisfaction, stress and sense of purpose at work. This data is aggregated into a **Work Wellbeing Score**, which is displayed on thousands of Indeed company profile pages. De Neve's team mapped the survey responses from people at 1,636 publicly listed companies and linked those scores to individual firms' return on assets, annual profitability and market performance.

The results of the Oxford study prove that employees really may be a company's greatest asset. In categories that spanned valuations, profits and even stock performance, all key performance indicators were positively correlated with levels of work wellbeing.

## Company Valuation vs. Wellbeing

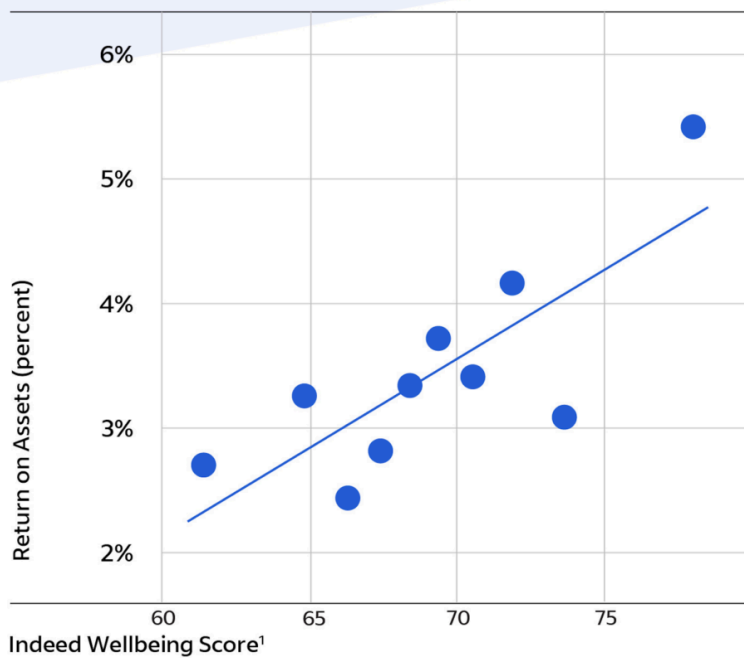


<sup>1</sup>Market value of a company divided by the replacement cost of its assets

<sup>2</sup>A composite metric of happiness, satisfaction, purpose, and stress

Source: Indeed

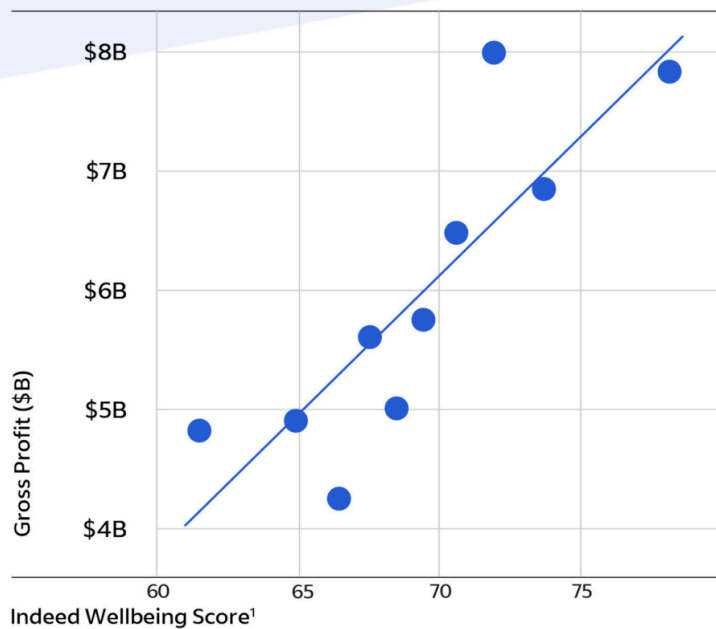
## ROA vs. Wellbeing



<sup>1</sup>A composite metric of happiness, satisfaction, purpose, and stress

Source: Indeed

## Profits vs. Wellbeing



<sup>1</sup>A composite metric of happiness, satisfaction, purpose, and stress

Source: Indeed

The researchers plotted Work Wellbeing Scores against key indicators of performance that included company valuation, return on assets and profits. Performance metrics increase as Work Wellbeing Scores increase. Source: De Neve, J-E., Kaats, M., and Ward, G. (2023) Workplace Wellbeing and Firm Performance.

*University of Oxford Wellbeing Research Centre Working Paper 2304.*

Companies with high wellbeing ratings typically outperformed the market, surpassing major benchmarks like the S&P 500 and the Dow Jones. If you invested \$1,000 in the 100 top-ranked companies for wellbeing in January 2021, you would have had \$1,300 by March 2023 — 20% more than what you would have made in the S&P 500.

Could it be that wellbeing correlates with a successful company but doesn't cause it? De Neve notes that it is almost impossible to pin down causality outside of the lab. But what he found most fascinating about the study is that wellbeing levels are a strong predictor of both present and future organizational performance.

“The strength of the correlation of wellbeing with the stock market was most exciting because it's predictive,” De Neve says. “Wellbeing data in 2020 successfully predicted stock market performance in 2021. And the 2021 wellbeing data did so again for the bear market in 2022, and it looks promising once more at the start of this volatile year. The predictive power of these wellbeing reports seems to suggest that stock markets underestimate the value of intangibles such as how employees feel at work.”

## Top 100 by Work Wellbeing Score



The investments that companies make in work wellbeing don't detract from the bottom line, *they contribute to it*, even after controlling for company size, industry, geography and other variables.

### Companies Win by Giving Employees What They Really Want

How do we explain this powerful correlation? De Neve's team aggregated research on work wellbeing from the previous two decades, examining six different pathways that link greater wellbeing with higher company performance: productivity, relationships, creativity, health, recruitment and retention. The results provide insight into how many companies have successfully supported greater work wellbeing.

A few specific examples include:

#### Productivity

The study compiled research from previous surveys of different [call centers](#) around the world and found that changes in how happy the workers rated themselves from one week to another was causally linked to sales and other productivity measures.

#### Creativity

The research pointed to how [work wellbeing can impact creative output](#). In a laboratory setting, researchers were able to predict increases in creative output in subjects by referring to happiness levels from two days prior.

#### Recruitment and Retention

In another major study leveraging the Indeed platform, it was found that companies that treat their workers well [attract more](#) job candidates and hold on to their workers longer. This can carry significant implications for company performance, [given the expense of hiring a new employee](#).

“Knowing your company cares about you, having friends at work, feeling a sense of belonging — it all matters,” De Neve says. “The pandemic gave us the space to think about the ways we work and focus on what really matters to us. Companies need to get more creative when it comes to figuring out what employees want. They can’t just write a paycheck anymore.”

### **Overcoming the ‘Fear of Fluffiness’**

Even though 87% of executives and managers agree that improving work wellbeing gives them a competitive edge, a mere 19% said that wellbeing was a strategic priority in their organization, according to the Oxford study. This gap between thinking and doing partially stems from a fear of what De Neve refers to as “fluffiness.”

“In the C-suite, they have a difficult time dealing with fluffiness; they don’t like softness,” he says. “They only want to look at KPIs that they consider objective. But the only way to measure how people feel at work is to ultimately ask them. Such self-reports are necessarily subjective, but our research shows that these subjective indicators relate to highly objective outcomes.”

This new body of research on work wellbeing makes the truth difficult to ignore — and, according to the study, companies that can’t get over their fear of “fluffiness” may get left behind in the competition for capital. Investors who are positioning themselves for the future have already begun to consider insights on wellbeing and apply them to how they invest. These investors are peering into the future and placing strategic bets on the organizations that prize people over profit.

But you can’t manage what you don’t measure. An easy first step to making work wellbeing a priority in your organization is checking your company’s [Work Wellbeing Score](#) on Indeed.com. You’ll also see where your company ranks on the specific drivers of wellbeing (think: flexibility, fair pay, achievement and more) so you can determine where you could use the most improvement.

“Senior management can have a much better pulse on the organization, and then use that data to drive evidence-based interventions and investments that ensure people feel more autonomy, flexibility and belonging in an organization,” De Neve says.

Companies that focus on wellbeing, and treat employees with dignity and respect, will be rewarded by the markets.

One caveat De Neve mentions: “There’s a philosophical concern in the academic community about wellbeing being instrumentalized for profits. Ultimately, managers should care about their people for the sake of it,” De Neve says.

In other words, yes, it’s the right thing to do.