

Love Your Job? Thank Your Country

A new book by Edmund Phelps Suggests Why:

It is widely assumed that people in economically “advanced” countries do not differ significantly in how satisfied they are with their jobs. Because they are about equally productive, the reasoning is, they must produce things the same way, and so their work experience must be the same, too.

In fact, there are striking differences in job satisfaction within the West. The U.K., with very low wages relative to the country’s wealth, reports a pretty decent level of job satisfaction. Yet Germany, with its fairly high wages relative to wealth, reports an undistinguished level of job satisfaction -- below Italy and Spain.

The waves of data on reported job satisfaction that have washed up in recent decades have led to misuses and misinterpretation. Some observers, pointing to Sweden’s high score, take this to be evidence that the Swedish economic system -- a unique mixture of capitalism and welfarism with little dynamism -- is “best.” Others, pointing out that Denmark scored even higher, conclude that the Danish system -- with its flexicurity or some other attraction -- is the best. That way of using the data is absurd. It’s a schoolboy error in Statistics 101 to draw inferences from outliers rather than from the data as a whole.

Job Pride

The plausibility of the job-satisfaction levels reported in surveys receives a big boost from the way people assess the pride they take in their work and the importance they place on their job. The rankings of countries by these two measures are very similar

to their ranking by job satisfaction. Among the Group of Seven, the U.S., one of the top countries in mean job satisfaction, scored highest in both pride and importance.

A contrarian interpretation argues that a country's low score on reported job satisfaction may be more about how demanding the respondents are than how unstimulating their jobs are. They may suffer low satisfaction because, as in Italy and France, they are spoiled by their wealth. But the U.S. and Canada have not lacked for wealth, especially in 2001, after the dot-com boom, and they continually rank high in job satisfaction. And when Ireland went from being poor to rich in a decade, it remained near the top among advanced countries in job satisfaction.

In recent decades, comparative studies of Western European economies have implicitly assumed that their basic economic system -- a corporatist system that lets big business, big labor and big government have a veto over market outcomes -- is about as effective as the modern capitalist system in meeting a variety of goals. Some have argued that European countries tripped up by injecting one or more impediments and hindrances in the market -- unemployment insurance benefits, high taxes and so on -- apparently in the belief that their cost was negligible or modest enough to be worth paying.

This view, pronounced by academic economists from the University of Chicago, is a tenet of neoliberalism, which holds that, to succeed, a country has only to prohibit the government and the market from overturning competitive prices and wages. Yet a country cannot do well without high economic dynamism. And it cannot have much dynamism without institutions and an economic culture that support conceivers of new commercial ideas, facilitate entrepreneurs to develop these new ideas, allow employees to contract to work long and hard, and protect against fraud.

Business Law

An institution that is basic to the operation of modern capitalism is company law: protection from creditors through bankruptcy, protection from self-dealing by managers, protection from employees who do not perform, limits on what employees may be asked to do, and so forth. Law is needed to set limits on the resolution of conflicts. Without it, an entrepreneur or an investor might hesitate to embark on new creations.

A country's economic policy may also induce or thwart entrepreneurship. Relying on scant data, conservatives leap to the conclusion that every element of economic policy that provides a role for the government has a cost exceeding the benefit. But while, in the pastoral economies of mercantile capitalism, there may have been a presumption that this or that intervention by the state in the business sector -- more corn and less cloth -- would be harmful, there is no presumption that, say, more money for education or less money for education would disturb innovation. We do not know whether this or that concrete governmental activity would be constructive or detrimental for the dynamism of the economy and thus for job satisfaction.

There is evidence that countries with high levels of state spending on medical care, retirement benefits and education do not tend to have depressed levels of job satisfaction.

Regulatory institutions appear to be a significant depressant on job satisfaction, particularly credit-market regulations (such as interest-rate controls) and goods-market regulations. The institutions of collective bargaining and regulations on hiring and firing are also estimated to depress mean job satisfaction.

An economy consists of an economic culture as well as a set of institutions. Prevailing attitudes and beliefs have consequences for one's efforts at work and for the effectiveness with which one can collaborate with others.

The French businessman Philippe Bourguignon, whose working

life has been divided about evenly between the U.S. and Europe, has portrayed the two regions as having quite distinct cultures. In his analysis, the differences originate in the very different upbringings of children. French mothers, he observed, watch their children closely in the playground, warning them to be careful. American mothers, on the other hand, pay little attention and do not teach caution. As a result, Americans grow up taking failures in stride.

Workplace Attitudes

Many values play a part in a country's generation of high economic performance, affecting people's capacity and desire to conceive novel ideas, develop these ideas into new products and try out the new products. Other values may affect economic conditions that support or damage the commercial prospects for innovation.

Consider, for example, the West's culture of problem-solving, curiosity, experimentation and exploration. A research program at Columbia University's Center on Capitalism and Society has found that several of the workplace attitudes in the World Values Surveys are significantly associated with a country's high economic performance.

How much people in a given country value the "interestingness of a job" is significantly related to how well the country scores in several dimensions of economic performance. So are people's scores on acceptance of new ideas and the desire to have some initiative. On the other hand, a low willingness to take orders, which is conspicuous in some European nations, is associated with lower economic performance.

A readiness to accept change and a willingness to accept competition are also quite helpful. But a desire to achieve matters little: It is not some object people want; it is the experience -- the life.