

# Well-being pays off, literally

Podcast interview by Sven Desmytter (Head of Sales AG Employee Benefits & Health Care) with Oxford Professor and international well-being economist Jan-Emmanuel De Neve

In this podcast episode, we dive into an increasingly important topic: well-being at work. Not treated as an afterthought, but at the heart of economic policy. Our guest is none other than Professor Jan-Emmanuel De Neve: director of the Well-being Research Centre at the University of Oxford, and international expert in well-being economics. He contributed to the creation of the World Happiness Report and influences policymakers from the United Nations to Downing Street.



Picture: Jan-Emmanuel De Neve [left] and Sven Desmytter [right]

Welcome Professor De Neve, delighted that you could join us. You are often described as an expert in well-being economics. How would you describe well-being economics in one sentence for anyone not yet familiar with your work?

Well-being economics brings together economic issues, methodologies, and positive psychology. It is about understanding how people feel and how this impacts the economy. Ever since Aristotle, the question of what constitutes a good life and how to define "good" has been at the centre of the debate. Today, the economy of well-being makes this measurable: we use life satisfaction and other economic indicators to demonstrate the impact on productivity, growth, and performance.

You have been researching the link between well-being and economic performance for years. Many employers still view well-being as something "soft", a cost that yields little return. But your research shows exactly the opposite. What are the key insights?

Well-being is certainly not an insignificant bonus for employees. It is admittedly subjective – after all, it's about how people feel at work – but that subjective well-being is precisely what drives behaviour. And behaviour translates into perfectly objective outcomes, such as performance and productivity. Therefore, there is no trade-off between well-being and business performance; quite the opposite, there is a strong symbiotic relationship

between them. For the past 15 years, we have been working on a dynamic model that clearly maps that link. Initially, we researched ways to reliably measure well-being and identify the most decisive factors. Today, our main focus is on determining how subjective well-being at work translates into tangible business performance. Well-being influences three crucial business goals:

- **Productivity:** someone who feels good at work performs better. This is something that we demonstrated extensively in our studies at British Telecom, among others.
- **Talent attraction:** people instinctively choose companies where employees visibly thrive.
- **Talent retention:** employees rarely leave only because of salary issues; usually, they leave because they are no longer happy.

So, a happy employee really does deliver a higher return on investment?

Indeed. Many managers intuitively feel that well-being pays off, but actually demonstrating the causal link is complex. It took us eight years of research to elucidate two questions: what is the effect of well-being on productivity, and conversely, what is the effect of business performance on well-being? Happiness drives behaviour, but a well-run business simultaneously creates more room to invest in well-being, making people feel better again. We wanted to be able to measure this interaction precisely.



*“Make the difference between well-being indicators and drivers.”*

to understand the difference between well-being indicators [how employees feel] and drivers [what influences that feeling]. This is crucial. Those two factors must be kept separate in order to be able to conduct targeted analyses and implement evidence-based well-being policies.

**Belgium’s federal government wants to increase the employment rate, including by getting employees on long-term sick leave back to work. What is your opinion on the matter?**

In this case, I think it makes sense to take a step back and look at the issue from the well-being perspective. Before studying well-being in the workplace, I studied general well-being and life satisfaction, not just job satisfaction. My initial research 15 years ago showed that work is much more than getting a salary at the end of the month. Work gives people social identity, connections, learning opportunities, development opportunities or even a routine throughout the week. Remuneration explains only one-third of the impact of work on well-being. Two thirds come from non-financial factors. From that perspective, there is great value in facilitating the professional and respectful reintegration of employees. Naturally, this requires a tailored approach – physical and mental limitations vary from one individual to another – but the general ambition to give people a place in the

workforce again is highly desirable for their overall well-being as well as for the organisation.

**What is the role of employers in this situation? What’s in it for them?**

For employers, this encompasses far more than social responsibility. A return-to-work policy creates real strategic added value. Discussing with an employee, who has already been on sick leave for a few weeks into, how to

facilitate their return [in an adapted form if necessary] restores not only that person’s perspective, but also their confidence, structure and self-respect. What this signals to the rest of the organisation is equally important: we don’t give up on people. This reinforces sense of belonging, loyalty and trust. Factors that are powerful drivers of well-being. The return-to-work process therefore not only entails care, it also becomes an opportunity to build a people-oriented, resilient corporate culture.

*“Shift from a gut-based to an evidence-based well-being policy.”*

**What are the most impactful well-being measures in the workplace?**

It depends on the company. My advice: shift from a gut-based to an evidence-based policy on well-being. Measure well-being, analyse the drivers that influence job satisfaction in your work environment and determine which factors are most important. This enables you to take targeted actions that have a real impact.



In 2023, we published a large-scale study on the subject in Management Science, which fully confirmed the causal link. At British Telecom, an increase of one standard deviation in well-being led to 12% higher weekly sales on the part of call centre employees. Not only is this figure significant, it also undeniably demonstrates the considerable impact of well-being on performance.

**Employers therefore benefit from taking a strategic approach to well-being. The importance of autonomy and purpose, among other things, is often mentioned in this context; is that correct?**

Certainly, but our research also shows other crucial factors, such as the social aspect: the sense of 'belonging': feeling at home, knowing that the company cares about you, having colleagues you can rely on. The impact this may have is sometimes underestimated.

In addition, fair remuneration, flexibility, and a healthy work-life balance also play a role. In total, we distinguish about 10 to 15 drivers of well-being. Organisations need

### Can you list three 'low effort - high impact' actions HR managers can take soon to enhance well-being in their organisation?

Some high-impact actions can be quite inexpensive. They often involve initiatives related to culture and engagement. Here are three examples:

1. **A peer recognition scheme** lets colleagues praise peers for exceptional efforts that go beyond the call of duty, without management's interference. You can link this to a points system, with or without a financial reward. Positive effect for recipient and giver guaranteed.
2. **Job crafting:** employees adjust their weekly working hours together with their manager. Small changes, such as an hour off on Wednesday morning in exchange for an extra hour's work on Thursday evening, can make a big difference. They increase the sense of flexibility and autonomy without affecting productivity. The signal is clear: my employer cares about me. This enhances well-being and engagement.
3. **Linking remuneration to well-being:** a third policy lever, which few companies currently implement, consists in linking the variable remuneration of managers to the well-being of their teams. This has the effect of embedding well-being in the organisation's strategy. Managers who value well-being but do not always take action receive an extra incentive: their bonus depends partly on it.



### Which role do you think insurers like AG play in the well-being narrative?

Insurers play a key role. First, well-being has a preventive effect: those who feel well are healthier in their life and workplace. This means fewer illnesses, fewer claims and, in the long run, even lower premiums. Truly a triple win for insurer, employer and employee.

There is also an often underestimated dimension: the psychological value of certainty. Research by Nobel Prize winner Daniel Kahneman shows that for people, the pain of losing is twice as powerful as the pleasure of gaining [loss aversion]. That certainty holds huge psychological value for well-being. The idea that "if something goes wrong, we are there for you" gives people peace of mind and stability. In behavioural science, nothing is more important than loss aversion, and insurers offer a buffer against precisely that mechanism.

### Which final tip would you like to give employers who really want to prioritise well-being?

Measure what you treasure. Well-being is a strategic KPI. You can improve what you measure. Make well-being measurable and embed it structurally in your corporate DNA. This will help you create a culture characterised by mutual commitment.

Our research proves it: investing in people pays off. This is not just theory; we have the data to back it up. Thanks to the three pathways to performance (productivity, talent attraction and talent retention) your business performance will increase significantly over time.

The message is simple: invest in people. It pays for itself and you will see the results, in a sustainable way.

**Professor De Neve, thank you for this talk and these valuable insights. Well-being is therefore not a buzzword. It is measurable, policy-relevant and economically sound.**