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Job Satisfaction of Wage and Self-Employed workers. Do preferences make a difference?

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A large body of the literature on job satisfaction concludes that self-employed workers enjoy higher levels of job satisfaction than their wage counterparts. In this article, we test this statement by including as an explanatory variable the preference of individuals for either type of employment. Using data drawn from 24,187 workers in the Spanish private sector, our results show that only self-employed workers report higher satisfaction levels than salaried employees when they actually display a preference for self-employment. Our conclusions posit that it is not self-employment per se, but being on the type of employment of preference (wage or self-employment) what contributes to explain the greater job satisfaction of self-employed workers when compared to employees. Additionally, our findings provide evidence on the lower level of satisfaction of reluctant entrepreneurs when compared to latent entrepreneurs. In other words, self-employed workers who prefer salaried employment are less satisfied than employees who report a preference for self-employment.

Keywords: job satisfaction; preferences; self-employment; wage employment; entrepreneurship
JEL Codes: J28, L26

Introduction

Research on job satisfaction has increased over the last years, with psychologists, sociologists and economists often using job satisfaction as a proxy for the quality of working life. Workers with high levels of job satisfaction usually perform better so their motivation and commitment with the firm are greater, showing lower levels of absenteeism and quitting intentions (Clark, Georgellis, & Sanfey 1998; Green 2010; Jones, Jones, Latreille, & Sloane 2009).

Many studies on job satisfaction conclude that self-employed workers enjoy higher levels of job satisfaction than their waged counterparts (Blanchflower & Oswald 1998; Blanchflower 2000; Andersson 2008; Benz & Frey 2008; Lange 2012; Millán, Hessels, Thurik, & Aguado 2013). Even controlling for the effects of sex, age, level of education, job tenure, establishment size, income or working hours, among others, self-employment has a positive impact on job satisfaction. Using data from the European Social Survey for 25 European countries, Lange (2012) finds that self-employed workers are more satisfied with their jobs than employees, even after taking into account personal and work characteristics, personal values and personality traits.

The objective of this article is to analyze how self-employment affects job satisfaction, including a variable that takes into account the preference for either wage or self-employment. Our aim is to contribute to the understanding of why self-employed workers are more satisfied than employees. Our findings suggest that it is not self-employment per se that increases job satisfaction, but being on the type of employment of preference (wage or self-employment) what contributes to explain greater job satisfaction levels of self-employed workers when compared to employees.

In the following section, we summarize the main findings of the literature on job satisfaction and the effects of self-employment. Next, we explain the database used in the analysis, the main characteristics of the sample and our hypotheses. After that, the econometric analysis is performed and results are explained before presenting the conclusions.

Previous Findings

Higher satisfaction levels of self-employed workers may be due to, on the one hand, their personality traits (optimism, confidence, low levels of risk aversion) and, on the other, the characteristics of self-employment itself in terms of freedom, autonomy or a

greater variety of tasks. For instance, findings by Bradley & Roberts (2004) conclude that the positive association between self-employment and job satisfaction is partly explained by personality characteristics, since self-employed workers usually show lower levels of depression and higher levels of self-efficacy, both being good predictors of job satisfaction.

With respect to the characteristics of self-employment, the majority of studies that report higher satisfaction levels for self-employed workers determine that one of the main explanations for this result is that *they do what they like*, that is, they have greater autonomy and they find their work is more interesting, as Benz & Frey (2008) state. These authors conclude that self-employment provides ‘procedural utility’, a concept that Frey, Benz, & Stutzer (2004) and Benz (2007) introduce to explain that individuals not only value outcomes but also the processes and conditions that lead to these outcomes. The freedom to choose the actions and tasks that individuals want to perform leads to higher procedural utility than hierarchical decision-making. Therefore, those who are self-employed derive higher procedural utility from work than employees - and also individuals working in smaller firms in comparison to those working in larger firms - (Benz & Frey 2008). Thus, self-employed workers are more satisfied with their jobs than employees because they grant higher value to not being subject to a hierarchy. This characteristic of self-employed workers is a source of procedural utility, which is a form of non-monetary work benefit that reflects higher satisfaction. The opportunity to be *your own boss* is a reason for entering self-employment and a source of satisfaction at work (Hamilton 2000). According to Croson & Minniti (2012), some workers choose self-employment because they search for autonomy, even at the expense of lower earnings. However, using a sample of Finnish professionals, Hytti, Kautonen, & Akola (2013) find that it is not the employment status what explains job satisfaction, but the work characteristics. Once the authors include in their estimation the characteristics of the job in terms of autonomy, feedback, task significance, variety and task identity, the positive effect of self-employment disappears. Therefore, the work of self-employed professionals includes these characteristics more than the work of salaried professionals, leading to greater job satisfaction in the case of the former with respect to the latter.

Hundley (2001) for the United States, and Benz & Frey (2008) for Great Britain, also report that autonomy positively affects job satisfaction. Other aspects of work such as pay or job security do not explain the observed differences. In fact, Van den Heuvel &

Wooden (1997) show that the self-employed are more satisfied with their independence than wage and salary earners, but not with their job income and job security. Therefore, in the case of self-employed workers autonomy seems to be a better predictor of job satisfaction than job security. However, Hundley (2001) states that self-employed workers have the capacity to adapt their business to changes so they may feel more secure than employees. This author suggests that the heterogeneity among self-employed workers (professionals, managers, entrepreneurs) can lead to differences in the group. In this sense, Sutherland (2013) finds that self-employed with no employees are less satisfied than self-employed with employees.

Given that most of the empirical evidence points towards the positive effect of self-employment on job satisfaction and the great heterogeneity found among this type of workers, subsequent research has focused on the characteristics of entrepreneurs in order to clarify the specific aspects that contribute to higher levels of satisfaction. The contribution of Block & Koellinger (2009) implies a differentiation among self-employed workers, differentiating between necessity and opportunity entrepreneurship. Reynolds, Camp, Bygrave, Autio, & Hay (2001) introduce these terms in the Global Entrepreneurship Monitor Report to distinguish between those workers starting a new business in order to develop new ideas – opportunity entrepreneurs – from those individuals entering self-employment as a last solution to unemployment – necessity entrepreneurs –. Thurik, Carree, Van Stel, & Audretsch (2008) label this kind of transitions into self-employment as *refugee effect*. Block & Koellinger (2009) conduct a survey to nascent entrepreneurs in Germany, asking them which are the reasons that lead them to start their business as well as their satisfaction with the start-ups, among other issues. Their results show that necessity entrepreneurs (those who start a business due to the lack of wage employment options) are less satisfied with their start-up than opportunity entrepreneurs (those who enter self-employment to take advantage of a business opportunity).

Cooper & Artz (1995) distinguish two main types of entrepreneurs according to their goals. The *economically driven entrepreneurs* report lower levels of satisfaction as a consequence of the gap between their expectations and final outcomes. On the contrary, those entrepreneurs with non-economic goals, who obtain satisfaction from non-income related work aspects, such as autonomy or the work itself, among others, report higher levels of satisfaction. Thereby, Carree & Verheul (2012) include the start-up motivation

in the analysis of entrepreneurial satisfaction, finding that those who are driven by intrinsic motivation are more satisfied with their leisure time. These results are similar to those by Jamal (1997), who concludes that individuals who start a business as a result of economic push factors may be less satisfied than those whose personal preferences pull them into self-employment.

Summing up, the literature concludes that self-employment provides higher job satisfaction than wage employment, although this result might be clarified taking into account the heterogeneity of self-employment. Although many studies have analyzed the difference between latent and nascent entrepreneurship (Blanchflower, Oswald, & Stutzer 2001; Grilo & Thurik 2005; Grilo & Irigoyen 2006), none of them have included this difference as a determinant of job satisfaction.

As we mentioned before, the aim of this article is to study how self-employment affects job satisfaction. Our contribution includes the consideration of preferences for either type of job status – wage and self-employment – as a factor that has a decisive influence on job satisfaction. Assuming that workers know what is best for them, the link between employment status and job satisfaction will be stronger if actual and preferred employment statuses match. In the case of self-employment, it is not just the characteristics of the job that increase job satisfaction but also the match between employment status and individual preference, in which case job expectations are achieved. Our interest is to study whether it is self-employment itself what contributes to higher levels of job satisfaction or if, alternatively, it is the achievement of the kind of job that a person prefers.

Equally, we are also interested in studying whether employees enjoy higher levels of job satisfaction when they have a preference for wage employment. Should this be the case, wage workers with a preference for self-employment will show lower levels of job satisfaction, given that this group tends to have greater expectations regarding their job (in terms of autonomy or variety of tasks) and it will be more difficult that they can accomplish these expectations working for others.

Therefore, our results will show that individuals on their preferred type of employment have higher levels of job satisfaction. Furthermore, among these, self-employed workers are more satisfied than wage earners, thus showing that preference matters but still self-employment itself contributes to job satisfaction. Our findings support previous results showing that reluctant entrepreneurs enjoy lower levels of job

satisfaction than self-employed workers with a preference for self-employment. Moreover, we obtain that latent entrepreneurs (wage earners with a preference for self-employment) also have lower levels of job satisfaction. This group is a potential target for policies fostering self-employment since they can improve their job satisfaction by transiting to this employment situation.

Hypotheses, Database and Sample

As we have previously explained, it is expected that if actual and preferred labor statuses do not match, job satisfaction will be lower than if they do. Given this discussion on the relevance of preferences, we propose to test the following hypotheses.

Hypotheses

In line with the existing literature, while assuming that preferences are a decisive driver of job satisfaction and therefore introducing their effect on job satisfaction, we suggest the first hypothesis.

Hypothesis 1: self-employment has a positive effect on job satisfaction only when there is a preference for self-employment. Otherwise, the effect would be negative.

To test if workers, regardless of their job status – either wage or self-employment –, whose preferences are mirrored on their actual job status will be highly satisfied, we suggest the second hypothesis.

Hypothesis 2: workers with matching actual and preferred employment statuses report higher levels of job satisfaction than those whose preferred and actual employment statuses differ.

Database

As a source of information, we use the latest available waves (2006-2010) of the Quality of Life at Work Survey (QLWS), a representative sample of the whole employed population in Spain, which the Spanish Ministry of Employment and Social Security carried out until 2010. Unfortunately, there are no more recent editions of this survey.

The reasons to consider this survey the appropriate tool to study job satisfaction are multiple. First of all, it is a representative sample of the employed Spanish population, geographically covering the whole country, while in terms of individuals it covers employed persons 16 years of age and older living in family households. Second, its

annual editions enable for the comparison between different years. Third, and most importantly, the QLWS provides us with the right framework to develop this study ever since it includes a question on the level of satisfaction with the current job, our dependent variable, while at the same time it covers numerous aspects on labor conditions, such as position, work environment, industrial relations, education, training or workers' attitudes and views.

Another advantage that this survey provides is that it includes the appropriate questions to accomplish the aim of the paper. Not only do we have information about the employment situation of individuals but we also know their preference for either wage or self-employment, so instead of including this employment situation as a binary variable (wage employment vs. self-employment) we combine it with the preference for either one or the other. Hence, the new variable can take four possible values: self-employed workers who prefer self-employment, self-employed workers who prefer wage employment (reluctant entrepreneurs), wage earners who prefer self-employment (latent entrepreneurs) and wage workers who prefer wage employment. Table 1 displays the descriptive statistics of this variable for the five years that we analyze. The percentage of self-employed workers with a preference for self-employment does not change significantly throughout the analyzed period, ranging from 13 to 15 percent. On the contrary, self-employed workers with a preference for wage-employment account for 5.3 percent in 2006 and, after a gradual increase along the following four years, reach 9.0 percent in 2010. This group of workers has been called *reluctant entrepreneurs* (Galbraith & Latham 1996) and, following Kautonen, Down, & Minniti (2014), we can assume that they are necessity entrepreneurs, given that their preferred and actual job statuses do not match and therefore they are in self-employment due to the lack of paid work opportunities. Thus, our data illustrate a significant increase of necessity entrepreneurs, probably as a consequence of the crisis and the subsequent job destruction¹. According to our second hypothesis, job satisfaction of self-employed workers will decrease due to the increase of unmatched workers. Especially, self-employed individuals willing to be in paid work, that is, necessity entrepreneurs.

[Table 1 here]

¹ The economic crisis in Spain has had a dramatic impact on the labour market. The number of jobs destroyed from 2008 to 2014 amounts to 3.1 million, boosting the unemployment rate from 11.3% up to 24.4%.

On the other hand, we can observe that almost a quarter of workers are wage earners who show a preference for self-employment. This proportion decreases along the years – probably as a consequence of the economic crisis and the increasing difficulties that firms are facing –, yet in 2010, 17 percent of the workers would rather be self-employed. This group of latent or potential entrepreneurs is of great interest, since they may become nascent entrepreneurs in the future. Authors such as Grilo & Irigoyen (2006) or Verheul, Van Stel, Thurik, & Urbano (2012) show that preference for self-employment is a relevant indicator of actual involvement in self-employment. Moreover, if their job satisfaction is low, it can be a reason for entering self-employment as Guerra & Patuelli (2014) show. Unfortunately, the cross-sectional nature of our data hinders the analysis of this question.

Sample

Given our focus on the private sector, we leave aside public sector workers. Besides, we also exclude cooperative, family business, primary sector and Armed Forces workers, as well as part-timers and individuals above 64 years of age. The final sample size is 24,187 observations and Table A.1 in the annex displays the descriptive statistics for the variables used in the analysis.

The employed population is mainly male (68 percent) and middle-aged. The majority of them are low-skilled, although the proportion falls as a consequence of job destruction during the crisis affecting mainly workers with low levels of education. The crisis has also affected the distribution of employment by industry, reducing the proportion of workers in manufacturing and construction, whilst increasing the percentage in services. With respect to the type of job, around 20 percent are self-employed workers. Although this figure is lower in 2006 (16.8 percent), it has since been increasing and reaches 21 percent both in 2009-10.

Our dependent variable, *job satisfaction*, is an ordinal variable measuring the degree of satisfaction with the current job, based on an eleven-point Likert scale ranging from zero (null satisfaction) to ten (very high satisfaction). In 2006, average job satisfaction of self-employed workers reaches 7.7 over ten, while the mean for wage earners is 7.2 (the difference is significant at the 1 percent level). At the end of the period of analysis (2010), both groups of workers have no statistically significant differences regarding their job satisfaction (7.4 in both cases). This evolution suggests that the composition of both types of workers has changed as we have previously noted. In order to study the

effects of the independent variables on job satisfaction, we use ordered logit regressions. These models appropriately fit the characteristics of our dependent variable, since it is of categorical nature while its values constitute an ordered scale.

In our model we include socioeconomic characteristics of workers as independent variables: sex, age, level of education, type of household and the region of residence. We also include company characteristics, such as size or activity sector, and job characteristics such as occupation, seniority, supervisory tasks, job-training fit, level and type of income. Additionally, we also control for the economic cycle by including the regional unemployment rate and the year of the survey.

Finally, we have to take into account that our period of analysis has particular characteristics as a consequence of the change in the economic cycle. At the end of 2007 the economic crisis began, having an enormous impact on employment and therefore affecting job satisfaction, although this effect may be different for self-employed and wage workers. According to the Spanish Labor Force Survey, job destruction reaches 1.8 million jobs between 2008 and 2010 in Spain. The risk of losing the job increases, so wage earners might be more satisfied with their current job even though it may not reach their expectations in terms of salary, promotion opportunities or tasks performed, to name only a few. In the case of the self-employed, the crisis also affects their working conditions, yet they depend on themselves to adapt their business to the new economic situation. The change in the economic situation gives us an opportunity to test our hypotheses in two rather different environments, thus increasing the interest of our results.

Determinants of Job Satisfaction: 2006 - 2010

In this section we explain the results of our estimations. We estimate a model for the whole sample and also separate models for each year. Moreover, we try different specifications, gradually introducing additional variables in order to test whether the impact of self-employment and preferences on job satisfaction change.

We present our results in the form of marginal effects over job satisfaction. These effects inform us about the increase or decrease on the probability of individuals to experience a particular level of job satisfaction, with respect to the probability associated to the category previously taken as a reference, which, in turn, is not included in the regression. In this sense, our results will explain to which extent each variable

contributes to a certain level of job satisfaction. Table 2 contains the results of the regression for the period 2006-2010. We must highlight that the table includes the marginal effects of the variables with regard to the highest level of satisfaction, which corresponds to the category *very satisfied*.

[Table 2 here]

First, in terms of employment (preferred) status, self-employed workers who state a preference for self-employment are the only group whose probability for the highest job satisfaction increases (2.5 percent) when compared to wage workers who have a preference for paid employment (reference category). Hence hypothesis 1 is supported, since self-employed workers with a preference for wage employment (reluctant entrepreneurs) have a lower probability for the highest job satisfaction level when compared to the reference category.

At this point, it is worth noting that both wage workers that state their preference for self-employment and self-employed workers who report their preference for paid work have their probability of being highly satisfied at work decrease (2.1 and 3.3 percent, respectively), when compared to the reference category. Thus, we can conclude that proclaiming that self-employed workers enjoy higher levels of satisfaction than those in paid work lacks accuracy. Not only does this result support Cooper & Artz (1995), Jamal (1997), Block & Koellinger (2009) and Lange (2012), by shedding light on which self-employed workers are more satisfied or which characteristics of self-employment contribute to job satisfaction, but it also refines Blanchflower (2000) and Millán et al. (2013), who stated that self-employed individuals enjoy higher levels of job satisfaction.

Instead, what we can say is that those workers whose employment status matches their preferred job status have a greater probability of being highly satisfied. In other words, having the desired employment status predicts job satisfaction, hence our results support hypothesis 2. The ordering in terms of job satisfaction is then, first, self-employed workers who have a preference for self-employment, second, wage earners who show a preference for paid work, then those who state a preference for self-employment and, finally, self-employed workers who in fact would rather be in paid work. Subsequently, we can conclude that self-employment itself does not provide job satisfaction to workers if they prefer wage employment. In fact, self-employed workers who would rather be in paid work are less satisfied than wage earners who show a

preference for self-employment. Thereby, the characteristics of self-employment in terms of autonomy or variety of tasks can provide satisfaction to workers with a preference for this type of job, while these features may lead to more stress and less job satisfaction for those individuals with a preference for less demanding jobs. Hence our results are in consonance with McCausland, Pouliakas, & Theodossiou (2005), who conclude that the use of incentives such as performance-based pay can be counterproductive for certain low-paid occupations, as a consequence of workers perceiving these practices as a form of control. On the contrary, performance-based pay has a positive effect on the level of satisfaction of highly-paid individuals, who perceive it as an incentive. Similar to this, self-employment may be rewarding for some, while it may be stressful for others.

We would also like to draw attention to the fact that this is particularly interesting for certain contexts where there are specific policies in place promoting self-employment as a way to combat high unemployment figures. This is the case for Spain. In many cases, it is assumed that higher levels of entrepreneurship stimulate job creation and the reduction of unemployment, although evidence is ambiguous. In fact, the relationship between the economic cycle and entrepreneurship is difficult to understand as a consequence of the bi-directional causality. In other words, entrepreneurship both causes and is caused by the economic cycle (Parker, Congregado, & Golpe, 2012). For the case of Spain, Verheul, Van Stel, Thurik, & Urbano (2006) state that the quantity of business ownership does not contribute to reduce unemployment, suggesting that it is its quality what helps to decrease it.

Consequently, policy makers should be careful when promoting self-employment and might want to consider doing it among those wage earners who are willing to be self-employed (latent entrepreneurs) as a way to avoid unmatched self-employed workers.

Thereby we can conclude that it is not self-employment itself what increases the probability of being highly satisfied, but the matching of preferred and actual job statuses.

Next, we will comment the most relevant results on the different variables regarding job characteristics. As one might expect, there is a positive relationship between job satisfaction and job income (Pouliakas & Theodossiou 2010). Besides, having a share in profits, an inherent characteristic of self-employment, also increases the probability of

being highly satisfied (2.7 percent), while supervising others also increases this probability in 2.2 percent. Other results include negative relationships between job satisfaction and both level of monotony and stress, variables that emerge as powerful predictors of job satisfaction. Those who self-report to experience no monotony or stress at work have their probability of being highly satisfied increase by 9.2 and 8.5 percent, respectively, with regard to individuals who declare to have very high levels of monotony or stress. We may interpret these results as evidence of highly-skilled jobs which imply certain levels of responsibility positively contributing to job satisfaction, thus enabling us to relate this outcome to the sources of procedural utility identified by Benz & Frey (2008), in terms of job satisfaction being higher when individuals enjoy greater autonomy, find their work interesting and do what they like, all of them being characteristics of self-employment. Finally, those who never do overtime, or only do it occasionally, are 1.6 percent more likely to report the highest level of satisfaction than individuals who always extend their working hours. And although working long hours may be associated to a greater extent to self-employment, we should strongly contemplate the possibility that individuals under this type of employment are less likely to consider working long hours as overtime.

Size of workplace is not a powerful predictor of job satisfaction, yet we can observe that the smaller the workplace, the higher the probability of workers being highly satisfied, in line with Benz & Frey (2008).

At the same time, it is worth pointing out that all three categories under *education* have positive marginal effects associated. Since people with university studies are the category of reference, those individuals with vocational training, secondary, primary studies or less (in this specific order) are more likely to be highly satisfied.

As for *skills utilization*, individuals whose job is in line with their training see their probability of being highly satisfied increase by 5.7 percent when compared to those whose training is not in line with their job. This result is in keeping with Allen & Van der Velden (2001), who stress the negative effect of skills mismatch on job satisfaction.

Equally, individuals who are not looking for a new job enjoy an increase of 10.0 percent in their probability of self-reporting very high levels of job satisfaction, with respect to those who are. Finally, those who declare to have a preference for the private sector are 2.7 percent more likely to be highly satisfied when compared with workers

who choose the public sector, which is consistent with the fact that only private sector workers integrate our sample.

Neither of the above results is surprising, since we would expect higher levels of satisfaction when training and job requirements match, when there is no need to look for a new job or when the job is within the private sector and this sector is also the preferred one.

By including the variables *regional unemployment rate* and *wave* in order to control for the economic situation, we can observe a significant difference in terms of job satisfaction in Spain between 2006 and the following years. In this sense, it is clear how job satisfaction gradually and dramatically drops from 2006 to 2010. Taking 2010 as the reference category, our results illustrate that the probability of being highly satisfied increases 2.4 percent in 2006, while this increase ranges from 0.2 to 0.5 percent along the period 2007-2009. According to these results, the economic crisis has a negative effect on job satisfaction. Nevertheless, if we focus on the regional unemployment rate, the higher it is, the greater its marginal effect. Although both results seem contradictory, we consider that the year is reflecting the general economic conditions, while the regional unemployment rate might be displaying the local conditions. While the economic downturn leads to lower levels of job satisfaction, an increase in the local unemployment rate can raise job satisfaction for those who keep their jobs.

In order to further explore our results, we perform individual regressions for each year so as to analyze the changes on the determinants of job satisfaction during economic downturn.

Sensitivity analysis

We display the results of our annual regressions for the years 2006-2010 in table 3, containing the marginal effects used to monitor the evolution of the determinants of job satisfaction along this period. The results for each year specifically enable for a comparison of these determinants before and during the economic downturn. Thereby, our results reveal that the probability of being highly satisfied decreases for all three categories of our main variable of interest, *employment (preferred) status*. In the case of wage workers who declare their preference for self-employment, it falls from -2.0 percent in 2006 to -3.4 percent in 2010. These figures are -1.2 and -4.9 percent, respectively, for self-employed individuals who report a preference for paid

employment while, although those self-employed who actually prefer to be self-employed are more likely to be highly satisfied in 2006, they are slightly less likely to be so four years later.

[Table 3 here]

Thus, our results are consistent for different years and different economic contexts. Again, the outcomes of our annual regressions support both hypothesis 1 and 2. However, the answer to why self-employed workers who have a preference for paid work do not enjoy higher levels of satisfaction than employees with a preference for self-employment might be the crisis context, since that was not the case in 2006, when the Spanish economy was still thriving.

As we point out in the previous section, wage earners who asseverate their preference for paid work constitute the reference category. Subsequently, we can derive that during economic downturn security overtakes having the desired type of employment in importance. In addition, the effect of the self-perceived likelihood of maintaining the job for the next six months also backs this assertion, for workers who answer that it is quite likely have their probability of being highly satisfied decrease by 5.1 percent in relation to those who consider it very likely. We must highlight that this question appears for the first time in the 2010 wave of the QLWS. This percentage rises to -7.8 percent for workers who think that it is unlikely. Besides, although the probability of being highly satisfied declines for workers that are not looking for a new job throughout the period 2006-2010 (dropping from 14.1 to 8.1 percent), this variable remains as one of the most powerful predictors of job satisfaction. These results are in keeping with the conclusions by Origo & Pagani (2009), who state that what matters in terms of job satisfaction is mainly workers' perceived security (to a greater extent than the type of contract). Therefore while objective working conditions are relevant, it is workers' perceptions what may explain why some workers are more satisfied than others.

Conclusions and Discussion

Most literature on job satisfaction concludes that self-employed workers are more satisfied than employees. In this article, we refine this result by including the preference for either paid or self-employment and its match with the actual job status as a driver of job satisfaction. Our results are in line with previous findings, suggesting that self-

employed workers are more satisfied with their job than employees. However, we prove that this conclusion is only true when they have a preference for self-employment. In fact, self-employed workers with a preference for wage employment show lower levels of job satisfaction than employees.

Our interpretation is that self-employment is not a driver of job satisfaction in itself. Hence, and according to our results, the autonomy and variety of tasks associated to self-employment do not provide job satisfaction to all workers but only to those who are intrinsically motivated to be self-employed.

This result is consistent for different years and different economic situations. Even in years of economic crisis, self-employed workers with a preference for self-employment are more satisfied than the rest of workers. However, the proportion of self-employed individuals with a preference for wage employment increases, probably due to the additional difficulties that running a business in a crisis environment carry and to the increase of transitions into self-employment as a way to escape unemployment. Necessity entrepreneurs who are typically non-innovative and generate little jobs are behind these transitions. In this sense, as Shane (2009) suggests, policy makers should develop policies to select the *winner*s instead of promoting self-employment in general, which has limited effects on job creation. In this sense, latent entrepreneurs are a potential target group for these policies.

Job satisfaction can involve significant impacts in terms of productivity and stability in the labor market, thus understanding what it is that generates higher satisfaction is a key issue. With respect to self-employment, many policies encourage transitions to this labor status and some authors recommend this form of employment as a way to improve the labor situation of workers and to increase satisfaction. However, our results suggest that, as previous researchers have already shown, self-employment contributes to higher job satisfaction levels only if it is a voluntary job status, that is, if it is opportunity entrepreneurship. Workers in an employment situation that does not match their preferred job status (self-employment or wage work) are less satisfied than those whose actual and preferred job status match. Hence, promoting self-employment among all kind of workers might increase the number of mismatches, that is, the number of self-employed workers who prefer wage employment. Among the possible consequences we might expect higher turnover rates (so as to accomplish the preferred labor status) and lower levels of both performance and survival of businesses. In fact, necessity

entrepreneurs have lower survival rates (Block & Sandner 2009; Baptista, Karaz, & Mendonça 2014) and higher probability to switch back to paid employment (Kautonen & Palmroos 2010). On the contrary, fostering self-employment among latent entrepreneurs can contribute to a better matching in the labor market and higher quality of businesses, as well as greater job satisfaction of workers.

Finally, we have to take into account that our data have some limitations. Firstly, we do not have information about personality traits that several authors have proved to be important in the probability of self-employment. And, secondly, we must note the cross-sectional nature of the data. This is a disadvantage since we cannot prove causation. Moreover, the lack of panel data prevents from studying the labor trajectory of unmatched workers. Further research is needed in order to know if latent entrepreneurship among wage employees leads to actual self-employment in the future. In this sense, promoting self-employment among those employees willing to be self-employed would be a successful strategy in terms of increasing entrepreneurship levels and convenient job features associated to job satisfaction.

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Table 1. Distribution of workers according to actual and preferred job statuses (%).

	2006	2007	2008	2009	2010
Wage worker, prefers wage employment	57.4	56.2	60.1	59.2	60.6
Wage worker, prefers self-employment	23.4	21.8	18.2	16.7	17.0
Self-employed worker, prefers wage employment	5.3	6.5	7.9	8.8	9.0
Self-employed worker, prefers self-employment	13.9	15.5	13.8	15.2	13.5

Source: QLWS. Own elaboration.

Table 2. Job satisfaction 2006-2010. Ordered logit regression.

	<u>coefficient</u>	<u>marginal</u> <u>effect</u>	<u>standard</u> <u>error</u>
Employment status & preference (RC: wage - wage)			
Wage (self-employed)	-0.235	-0.021 ***	0.000
Self-employed (wage)	-0.368	-0.033 ***	0.000
Self-employed (self-employed)	0.282	0.025 ***	0.000
Reason for leaving previous job (RC: voluntary)			
Involuntary	-0.120	-0.011 ***	0.000
1 st job	0.008	0.001 ***	0.000
Searching for a new job (RC: yes)			
No	1.115	0.100 ***	0.000
Preferred sector (RC: public)			
Private	0.301	0.027 ***	0.000
Training in line with job (RC: no)			
Yes	0.641	0.057 ***	0.000
Supervision (RC: no)			
Yes	0.245	0.022 ***	0.000
Monthly net income (RC: 600-1,200€)			
<600€	-0.494	-0.044 ***	0.000
1,201-2,100€	0.248	0.022 ***	0.000
2,101-3,000€	0.416	0.037 ***	0.000
>3,000€	0.859	0.077 ***	0.000
Profit sharing (RC: no)			
Yes	0.300	0.027 ***	0.000
Variable pay (RC: no)			
Yes	-0.144	-0.013 ***	0.000
Overtime (RC: always)			
Never	0.177	0.016 ***	0.000
Occasionally	0.177	0.016 ***	0.000
At least half of the days	0.038	0.003 ***	0.000
Level of stress (RC: very high)			
No stress	0.946	0.085 ***	0.000
Low stress	0.374	0.033 ***	0.000
High stress	0.207	0.019 ***	0.000
Level of monotony (RC: very high)			
None	1.032	0.092 ***	0.000
Low	0.591	0.053 ***	0.000
High	0.353	0.032 ***	0.000
Size of workplace (RC: >250 workers)			
1-10	0.126	0.011 ***	0.000
11-50	0.107	0.010 ***	0.000
51-250	0.003	0.000 **	0.000
Sex (RC: women)			
Men	-0.129	-0.012 ***	0.000
Education (RC: higher studies)			
Primary or less	0.069	0.006 ***	0.000
Vocational training	0.148	0.013 ***	0.000
Secondary	0.110	0.010 ***	0.000
Wave (RC: 2010)			
2006	0.266	0.024 ***	0.000
2007	0.049	0.004 ***	0.000
2008	0.055	0.005 ***	0.000
2009	0.026	0.002 ***	0.000
Regional unemployment rate (RC: 10-15%)			
<10%	-0.122	-0.011 ***	0.000
15-20%	0.146	0.013 ***	0.000
20-25%	0.278	0.025 ***	0.000
25% onwards	0.148	0.013 ***	0.000

RC: reference category.
m. e.: marginal effect.
(***) $p < 0.01$ and (**) $p < 0.05$.

Other variables not shown in this table, although controlled for by our model, include age, marital status, children, region of residence, occupation, job tenure, professional association membership, unionization, size of organization and industry.

Source: QLWS. Own elaboration.

Table 3. Job satisfaction: annual ordered logit regressions.

	2006	2007	2008	2009	2010
	m.e. (s.e.)				
Employment status & preference (RC: wage - wage)					
Wage (self-employed)	-0.020 *** (0.000)	-0.011 *** (0.000)	-0.024 *** (0.000)	-0.015 *** (0.000)	-0.034 *** (0.000)
Self-employed (wage)	-0.012 *** (0.000)	-0.029 *** (0.000)	-0.036 *** (0.000)	-0.029 *** (0.000)	-0.049 *** (0.000)
Self-employed (self-employed)	0.054 *** (0.000)	0.048 *** (0.000)	0.021 *** (0.000)	0.034 *** (0.000)	-0.003 *** (0.000)
Reason for leaving previous job (RC: voluntary)					
Involuntary	-0.015 *** (0.000)	-0.018 *** (0.000)	-0.005 *** (0.000)	-0.003 *** (0.000)	-0.011 *** (0.000)
1 st job	-0.019 *** (0.000)	-0.006 *** (0.000)	0.011 *** (0.000)	0.013 *** (0.000)	-0.001 *** (0.000)
Searching for a new job (RC: yes)					
No	0.141 *** (0.000)	0.080 *** (0.000)	0.076 *** (0.000)	0.109 *** (0.000)	0.081 *** (0.000)
Preferred sector (RC: public)					
Private	0.021 *** (0.000)	0.017 *** (0.000)	0.023 *** (0.000)	0.037 *** (0.000)	0.035 *** (0.000)
Training in line with job (RC: no)					
Yes	0.054 *** (0.000)	0.049 *** (0.000)	0.054 *** (0.000)	0.061 *** (0.000)	0.065 *** (0.000)
Keeping the job (RC: very likely)					
Rather likely					-0.051 *** (0.000)
Little likely/unlikely					-0.078 *** (0.000)

RC: reference category.
m.e.: marginal effect.
(***) p < 0.01.
Other variables that our model controls for but are not shown in this table include age, marital status, children, region of residence, occupation, job tenure, professional association membership, unionization, size of organization and industry.

Source: QLWS. Own elaboration.

Annex

Table A.1. Descriptive statistics.

	2006		2007		2008		2009		2010	
	Mean	S.E.								
Sex (men)	0.675	0.469	0.676	0.468	0.651	0.477	0.636	0.481	0.628	0.483
Age	38.304	11.299	38.521	11.100	38.865	10.986	39.682	10.583	40.355	10.518
<25	0.107	0.309	0.101	0.301	0.089	0.284	0.067	0.251	0.059	0.236
25-29	0.163	0.370	0.151	0.358	0.150	0.357	0.129	0.336	0.115	0.319
30-44	0.429	0.495	0.445	0.497	0.457	0.498	0.475	0.499	0.482	0.500
45-54	0.199	0.399	0.204	0.403	0.200	0.400	0.226	0.418	0.234	0.423
>54	0.102	0.302	0.099	0.299	0.105	0.306	0.102	0.302	0.110	0.313
Education										
Primary	0.450	0.498	0.459	0.498	0.432	0.495	0.428	0.495	0.351	0.477
Vocational training	0.211	0.408	0.207	0.405	0.223	0.417	0.215	0.411	0.282	0.450
Secondary	0.134	0.341	0.145	0.352	0.136	0.343	0.139	0.346	0.129	0.335
University degree	0.204	0.403	0.189	0.392	0.209	0.406	0.218	0.413	0.238	0.426
Household										
Lives alone	0.051	0.220	0.049	0.216	0.065	0.247	0.062	0.242	0.063	0.243
Spouse, no children	0.148	0.355	0.148	0.355	0.172	0.378	0.179	0.384	0.185	0.388
Spouse and children	0.468	0.499	0.503	0.500	0.498	0.500	0.511	0.500	0.526	0.499
Single parent	0.030	0.170	0.029	0.167	0.031	0.173	0.042	0.200	0.031	0.174
Other	0.303	0.460	0.271	0.445	0.234	0.423	0.206	0.404	0.195	0.396
Children	0.311	0.463	0.345	0.475	0.336	0.472	0.374	0.484	0.375	0.484
Type of worker										
Wage worker	0.832	0.374	0.810	0.392	0.820	0.384	0.782	0.413	0.790	0.408
Self-employed	0.168	0.374	0.190	0.392	0.180	0.384	0.218	0.413	0.210	0.408
Occupation										
Directors	0.096	0.294	0.084	0.277	0.092	0.289	0.115	0.320	0.100	0.301
Technicians and scientific prof.	0.096	0.295	0.088	0.283	0.093	0.291	0.091	0.288	0.116	0.320
Support technicians	0.133	0.340	0.144	0.352	0.136	0.343	0.165	0.371	0.147	0.354
Administrative	0.089	0.284	0.068	0.252	0.093	0.291	0.062	0.241	0.070	0.256
Bar and restaurants staff	0.140	0.347	0.156	0.363	0.158	0.364	0.149	0.356	0.177	0.382
Craftsmen and qualified workers	0.203	0.402	0.234	0.423	0.203	0.402	0.188	0.391	0.182	0.386
Assemblers	0.130	0.336	0.113	0.317	0.123	0.329	0.116	0.320	0.108	0.310
Non-qualified workers	0.112	0.315	0.111	0.314	0.099	0.298	0.107	0.309	0.089	0.285
Industry										
Manufacturing	0.247	0.432	0.224	0.417	0.227	0.419	0.216	0.412	0.195	0.396
Construction	0.159	0.366	0.183	0.387	0.153	0.360	0.139	0.346	0.123	0.328
Retail trade	0.175	0.380	0.193	0.394	0.184	0.387	0.184	0.387	0.186	0.390
Transport	0.076	0.265	0.066	0.249	0.088	0.283	0.055	0.228	0.058	0.234
Bars and restaurants	0.070	0.255	0.076	0.264	0.070	0.254	0.082	0.275	0.089	0.285
Health and education	0.104	0.305	0.092	0.289	0.108	0.311	0.070	0.256	0.086	0.281
Other services	0.168	0.374	0.166	0.372	0.171	0.376	0.253	0.435	0.263	0.440
Seniority	8.490	9.387	8.222	9.464	8.791	9.561	9.353	9.635	9.827	9.419
Job income (€/month)										
< 600	0.043	0.204	0.033	0.180	0.024	0.154	0.030	0.172	0.033	0.178
600-1,200	0.545	0.498	0.536	0.499	0.499	0.500	0.494	0.500	0.453	0.498
1,201-2,100	0.311	0.463	0.327	0.469	0.381	0.486	0.378	0.485	0.408	0.491
2,101-3,000	0.067	0.250	0.074	0.262	0.068	0.252	0.069	0.253	0.079	0.269
>3,000	0.033	0.179	0.029	0.168	0.027	0.163	0.029	0.167	0.028	0.164
Preference for										
Self-employment	0.383	0.486	0.379	0.485	0.328	0.470	0.330	0.470	0.324	0.468
Private sector	0.502	0.500	0.481	0.500	0.448	0.497	0.523	0.500	0.505	0.500
Sample size (n)	4,655		4,301		5,354		4,855		5,022	

Source: QLWS. Own elaboration.