

Quality of Employment and Job Satisfaction: Evidence from Chile.

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AIM OF THE PAPER

- To investigate the role of qualitative employment characteristic in determining job satisfaction in Chile:
 - Job protection
 - Occupational Hazard
 - Procedural utility from independence/empowerment at work
- To shed some light on the debate about the role of the informal sector in developing countries.

- Dualistic theory of labor markets: people work in the informal sector when they have been rationed out from the formal sector.
- Focus on income and job protection as determinants of job satisfaction
- No role for independence/empowerment at work

- Critiques to the dualistic models:
Individuals self-select in the informal employment.
- Implicit cost of labor protection laws
- Desirable characteristics of informal sector: independence and flexibility.

Maloney (1999,2004,2006)

→ Consistent with evidence from industrial countries.

Job Protection

- Signed contract
- Type of contract (permanent v/ s temporary)
- Entitlement to paid sick leave
- Entitlement to paid holidays
- Entitlement to maternity/ paternity leave
- Contribution to retirement pension

Occupational Hazard

- Injury related to work
- Lack of workplace facilities
 - No access to adequate toilets
 - No access to clean water
- Heavy work
 - Uncomfortable postures
 - Workplace exposures

Procedural utility from independence

- Self-determination / Empowerment at work
- We use indicators of: Autonomy, Competence, & Relatedness. (Ryan & Deci 2000)

Table 1: Raw mean differences between the employees and the self-employed

	Self-employed	Employees
Contribution to pension	0.297*** (0.017)	0.831 (0.007)
Lack of workplace facilities	0.310*** (0.059)	-0.139 (0.282)
Heavy work	-0.0139*** (0.052)	0.056 (0.031)
Work-related injury	0.030*** (0.006)	0.062 (0.005)
Autonomy	3.297*** (0.048)	2.753 (0.035)
Competence	3.104*** (0.062)	2.800 (0.041)
Relatedness	3.344** (0.029)	3.271 (0.020)
Job satisfaction	2.750 (0.048)	2.762 (0.029)

	(1)	(2)	(3)
Dep. Variable: Job satisfaction	Ordered Logit	Ordered Logit	Ordered Logit
Self-employment	0.419* (1.73)	0.597** (2.37)	0.557** (2.15)
Lack of facilities	-	-0.308*** (-3.02)	-
Heavy work	-	0.037 (0.45)	-
Work-related injury	-	-0.321 (-0.97)	-
Contribution to pension	-	-	0.537 ** (2.35)
Log net income	0.824*** (6.32)	0.791*** (5.89)	0.750*** (5.48)
Hours of work	0.007 (1.50)	0.008* (1.65)	0.008 (1.55)

			Sample of employees
Dep. Variable: Job satisfaction	(4) Ordered Logit	(5) Ordered Logit	(6) Ordered Logit
Self-employment	0.710*** (2.65)	0.361 (1.26)	-
Lack of facilities	-0.284*** (-2.91)	-0.239** (-2.16)	-0.289* (-1.82)
Heavy work	0.012 (0.14)	0.100 (1.15)	0.021 (0.18)
Work-related injury	-0.295 (-0.88)	-0.185 (-0.48)	-0.425 (-1.10)
Contribution pension	0.523** (2.30)	0.398* (1.70)	-
Job protection	-	-	0.450*** (3.44)
Permanent contract	-	-	0.196 (0.86)
Autonomy	-	0.177** (1.99)	-
Competence	-	0.281*** (3.79)	-
Relatedness	-	0.593*** (4.28)	-

SUMMARY OF MAIN RESULTS

- In addition to income, Chilean workers value:
 - job protection
 - workplace facilities
 - procedural utility from independence.

- Picture of the informal sector as a compromise between different theories.

→ Consistent with the dualistic theory of labor markets:

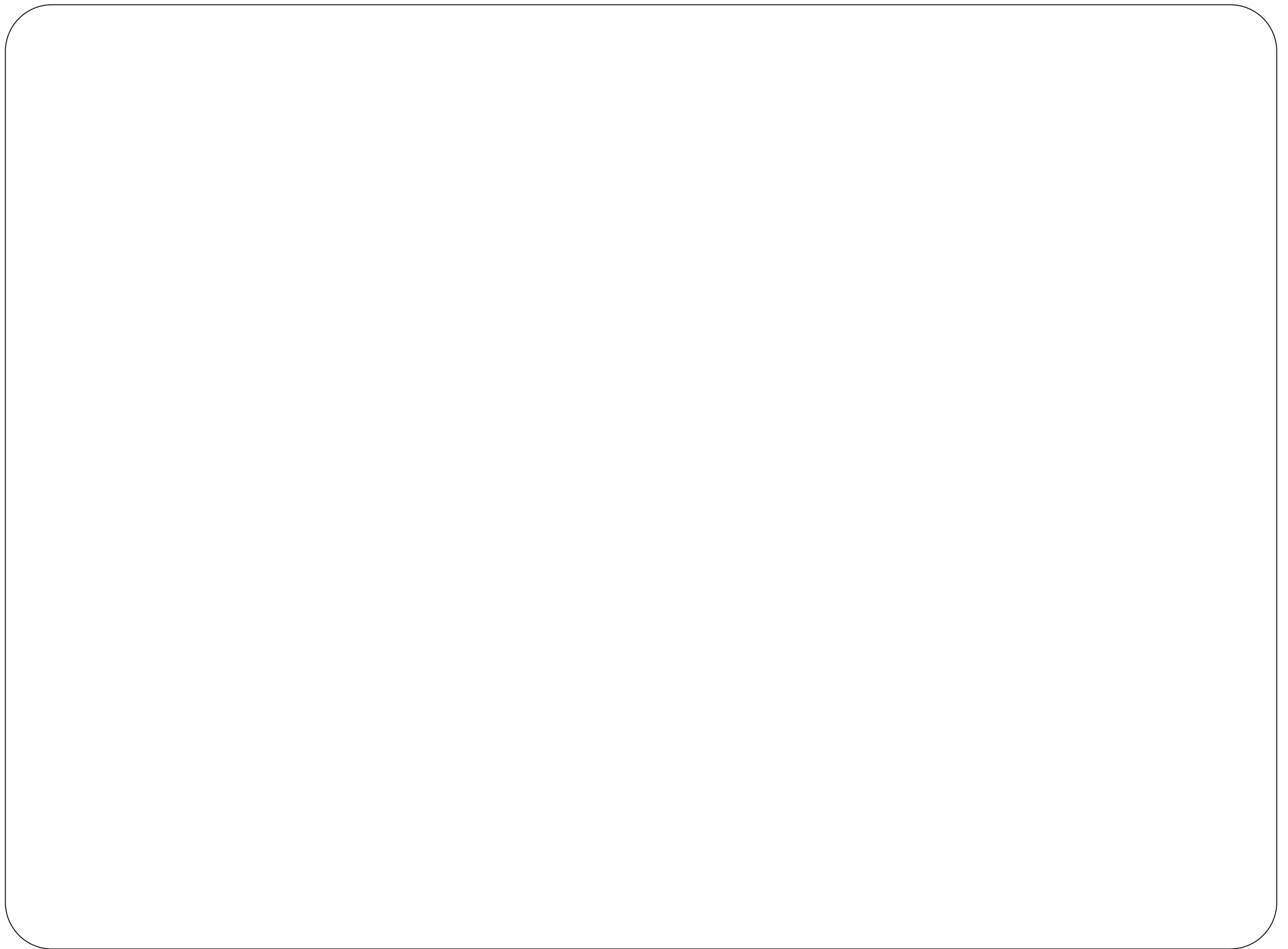
- Job protection is a positive determinant of job satisfaction
- Self-employed workers are penalized by lack of workplace facilities.

BUT evidence of desirable characteristics of informal sector:

- Flexibility : having a temporary working contract does not affect job satisfaction.
 - Empowerment at work/independence
- Cannot exclude that some workers self-select into the informal employment

Conclusions

- Urgent need to collect data at an individual level on the dimensions of employment which have appeared to be important for individuals. This is especially true for developing countries.
- Increase job protection and workplace facilities for self-employed individuals
- Qualitative employment characteristics should matter when evaluating policies (microcredit).



BACKGROUND

- Limited understanding of determinants of job satisfaction in developing countries:
 - Data constraints
 - Qualitative and procedural aspects of employment disregarded by traditional indicators

LITERATURE ON INDUSTRIAL COUNTRIES

- Job satisfaction predicts labor market mobility
- Self-employed individuals are more satisfied with their job than employees.
- Utility premium from self-employment is due to procedural utility from independence.

DATA

- Unique nationally representative data set collected in Chile in 2008/9.

3161 Employed

25% Self-employed

1348 individuals were asked the question on job satisfaction. Only 8 did not answer the question.

Final sample: 1100 individuals

Independent variables:

Gender

Age

Tenure

Education

Working Hours

Zone (rural v/s urban)

Self-employment

Firms' Size

Industry

Occupation

Income

Common Controls

Job Protection

Occupational Hazard

Competence

Autonomy

Relatedness

**Quality of Employment
Indicators**

	(1)	(2)	(3)
Job satisfaction	Ordered Logit	Ordered Logit	Ordered Logit
Own-account business	0.273 (1.05)	0.560* (1.93)	0.180 (0.56)
Employer	0.969*** (2.58)	1.194*** (2.90)	0.833** (2.08)
Lack of facilities	-	-0.279*** (-2.85)	-0.229** (-2.07)
Heavy work	-	-0.008 (0.09)	0.078 (0.89)
Accident	-	-0.305 (-0.91)	-0.198 (-0.51)
Contribution to pension	-	0.495** (2.14)	0.370 (1.58)
Autonomy	-	-	0.184** (2.05)
Competence	-	-	0.278*** (3.75)
Relatedness	-	-	0.602*** (4.31)
Log net income	0.800*** (6.04)	0.727*** (5.16)	0.617*** (4.30)

- Dependent variable: **Job satisfaction**

'In general, how satisfied are you with your work:

4= very satisfied

3= fairly satisfied

2= not very satisfied

1= not at all satisfied'

- We use as main model an **Ordered Logit**. (OLS, Logit, Multinomial Logit are used as robustness checks).