

CDDRL

WORKING PAPERS

Number 92
April 2009

***Work Satisfaction and
Prospect Theory:
Reexamining Income
Habituatation,
Unemployment Sca(r)ring
and the Gender Paradox
for Argentina, Brazil and
Chile***

Miriam Abu Sharkh
Stanford University

Center on Democracy, Development, and The Rule of Law
Freeman Spogli Institute for International Studies



Additional working papers appear on CDDRL's website: <http://cddrl.stanford.edu>.

Center on Democracy, Development,
and The Rule of Law
Freeman Spogli Institute for International Studies
Stanford University
Encina Hall
Stanford, CA 94305
Phone: 650-724-7197
Fax: 650-724-2996
<http://cddrl.stanford.edu/>

About the Center on Democracy, Development and the Rule of Law (CDDRL)

CDDRL was founded by a generous grant from the Bill and Flora Hewlett Foundation in October in 2002 as part of the Stanford Institute for International Studies at Stanford University. The Center supports analytic studies, policy relevant research, training and outreach activities to assist developing countries in the design and implementation of policies to foster growth, democracy, and the rule of law.

Work satisfaction and prospect theory

Reexamining income habituation, unemployment sca(r)ring and the gender paradox for Argentina, Brazil and Chile

Dr. MIRIAM ABU SHARKH

Center on Democracy, Development and the Rule of Law

Stanford University

Stanford, CA 94305

E-mail: mabu@stanford.edu

<http://cddrl.stanford.edu/people/miriamabusharkh/>

Before returning to the Center on Democracy, Development and the Rule of Law (CDDRL) at Stanford University, Miriam Abu Sharkh was employed at the United Nation's specialized agency for work, the International Labour Organization, in Geneva, Switzerland. As the People's Security Coordinator (P4), she analyzed and managed large household surveys. She also worked on the Report on the World Social Situation for the United Nation's Department of Economic and Social Affairs in New York.

This research builds on her previous work as a Post-doctoral Fellow at CDDRL as well as her dissertation on labor issues for which she received a "Summa cum Laude" (Freie Universität Berlin, Germany-joint dissertation committee with Stanford University).

She has written on the spread and effect of labor standards as well as on welfare regimes, gender discrimination, child labor, social movements and work satisfaction.

ABSTRACT

Using People's Security data from three countries, Argentina, Brazil, and Chile, the article examines objective and subjective workplace factors affecting subjective work satisfaction (SWS) within the framework of prospect theory. In doing so it also tests the applicability of recent findings within the OECD context to developing nations. The paper discusses three aspects of work that have attracted attention in recent Western scholarship and their theoretical underpinnings: the relevance of income (habituation and the impact of absolute and relative earnings), long-term negative effects of unemployment (focusing illusion and scarring/scaring), and differences between men and women in SWS (the gender paradox). The results caution making global claims about factors increasing SWS based on Western nations and point to unique priorities in ABC.

The findings offer support for the prospect theory claim that utility is reference based. Individuals are subject to adaptation, focusing illusions and reference group comparisons. However, the findings suggest that reference points differ by cultural, economic and occupational settings. Analyses with both ordered probit and Heckman selection models suggest highly contextual and only limited effects of income habituation, unemployment scarring and the gender paradox on SWS in ABC. Income habituation effects are significant for professional but not less skilled workers. Also such habituation is subject to the countries overall economic situation. No lasting scarring effect of unemployment experiences and no gender paradox (higher female work satisfaction despite worse work conditions) are substantiated for ABC. Instead, for overall SWS, income stability, occupational health and safety standards, prospective job tenure and voice security are key predictors of work satisfaction across these countries and occupations.

To discover and then reinforce the kinds of things that make people happy ...

is indeed a worthy end. Herzberg et al. 1959, P. xi

Introduction: Why study work satisfaction?

Which work characteristics engender satisfaction¹ in Argentina, Brazil and Chile (ABC)? Using large household surveys, the article examines the effects of objective and subjective work characteristics on subjective work satisfaction (SWS). Prospect theory provides the framework to examine absolute and relative income, unemployment spells and gender on SWS in ABC. Analyses here, employing ordered probit and Heckman selection models, suggest highly contextual and limited effects of income habituation, unemployment scarring and the gender paradox on SWS in ABC. Income habituation effects are significant for professional but not less skilled workers. Also such habituation is subject to the countries overall economic situation. No scarring effect of unemployment experiences and no gender paradox (higher female work satisfaction despite worse work conditions) are substantiated for ABC. Instead, for overall SWS, income stability, occupational health and safety standards, prospective job tenure and voice security are key predictors of work satisfaction across these countries and occupations.

The contributions of the article are threefold. First, the paper contributes to the literature on SWS by expanding the geographic reach of current research on SWS. While there has been a great deal written for the developed world, little quantitative cross-national research exists for developing nations. More specifically, it addresses the cross-national validity of three contested findings in recent Western SWS literature. Literature on SWS in North American and European countries reports mixed findings concerning the impact of absolute versus relative income, unemployment, and gender on SWS. By exploring income, unemployment and gender effects in ABC, the article assesses the context specificity of these findings. It also addresses the questions whether and why such effects are universal or limited to certain Western countries.

Second, the paper contributes to prospect theory and its practical applications. Prospect theory grants key insights for the study of SWS through the finding that utility is reference based (Kahneman, 1999; Kahneman and Tversky, 1979). SWS is not only impacted by the received value but by the value received relative to past self and relative to others, in other words to “reference effects”. The paper examines such reference effects on SWS in two ways across three countries: First through auto-biographical *self*-references both via “income habituation” through previous earnings and “scarring” through past unemployment. Second through references to others: The “gender paradox”, so paper argues, is contingent upon whether or not women choose men as their reference group. The three different institutional country settings serve to examine whether people only assess their utility only in reference to a more narrow

¹ See Radcliff (2000) et al. for a discussion of the subtle differences between “satisfaction” and “happiness” etc.

gender-based or occupational reference group or take nation-level developments, such as economic crises, into account.

Prospect theory also provides the theoretical underwriting for including subjective assessments of work characteristics. To date, SWS literature focuses heavily on objective factors rather than integrating both objective and subjective evaluations. However, evaluations of job attributes regarding satisfaction cannot be known “without actually asking the workers concerned” (Clark, 1998; Kaiser, 2007).

Third, the paper contributes to social policy debates by integrating the academic literature with the seven dimensions of socio-economic security codified by the International Labour Organization (ILO) (ILO, 2006). The ILO is the United Nations’ (UN) tripartite (government, employer associations and unions) agency on work responsible for codifying international labor standards. The organization was established in 1919. While it has issued nearly 200 international guidelines in the form of conventions to enhance standards at work, the ILO has not attended to factors increasing SWS.

Studying SWS is important because “economic things matter only in so far as they make people happier” (Oswald, 1997:1). For workers, happiness at work is an end in itself. Work is their most consuming economic activity, time-wise, physically, cognitively and emotionally. How they feel on the job reflects how they feel a majority of their waking hours. In addition, SWS exerts positive spill-over effects on many other desirable outcomes spanning from altruism to health (Herzberg et al., 1959; Meyer, 2004; Myers, 1992).² Employers benefit through employee satisfaction because SWS lowers absenteeism (George, 1989; Warr, 1999) and turnover rates (Warr, 1999; Freeman, 1978) and increases discretionary work activities such as voluntary overtime (Gechman and Wiener, 1975; Warr, 1999), helpfulness towards colleagues (Smith et al., 1983; Warr, 1999) and more adaptive behavior (Warr, 1999). From a governmental perspective, positive externalities include increasing the health of the population and even longevity (Palmore, 1969 cited in Rose, 2003).

The literature review first gives a brief overview of prospect theory and its applicability to the field of SWS. It concludes with a brief outline of the ILO standards that I control for in the analyses. Lastly, I discuss the labor regimes in ABC as the literature points to the importance of mediating institutional factors regarding the effects of work characteristics on SWS.

Literature review: Prospect theory and work satisfaction puzzles

Prospect theory

While much of the economic literature has rested on the postulate that utility is based on absolute value, prospect theory argues that utility is reference based (Kahneman, 1999; Kahneman and Tversky, 1979). SWS is not only impacted by the received value but by the value received relative to past self and others.

² There are also spill-over effects from life to SWS. However, a longitudinal study by Judge and Watanabe (1993) suggests that the causality runs stronger from work to life-satisfaction than the reverse (see also Warr, 1999).

However, the practical application of this insight demands further research as the choice of the reference group or period is itself highly contingent on personal and cultural proclivities. The paper examines these issues in regard to SWS and work characteristics and biographies around three subjects: adaptation, loss aversion and gender reference group comparisons.

The implications of prospect theory for this paper on SWS are three-fold. First, the theory grants the theoretical underwriting for including both objective and subjective assessments of work characteristics and evaluations in ABC. This concept has made inroads into SWS literature on the OECD (Organisation for Economic Co-Operation and Development). Examining what makes a good job in the OECD, Clark (1998) argues that objective factors often do not fully capture employees' subjective realities. Kaiser (2007) argues that the importance of considering objective as well as subjective indicators has increasingly gained sway when studying work satisfaction. He finds that objective (both socio-economic and institutional) determinants of labor market status compliment subjective assessment evaluations. This paper shows that a model of work satisfaction will be ill-specified if it relies exclusively on objective, tangible factors. For example, not only the type of contract but the subjective estimation of secure job tenure weighs heavily on work satisfaction.

Second, prospect theory validates the inclusion of biographical questions into the SWS models in this paper. According to Kahneman (1999) understanding happiness requires analyzing the cognitive processing of time. Strictly speaking, the question: "How are you?" means: "According to what you remember presently, how do you recall your overall satisfaction level being?" This requires the cognitively difficult task of integrating perceptual experiences over time (Kahneman, 1999). However, individuals make judgments on only a subset of available information (Bazerman and Chugh, 2005). Retrospective evaluations of episodes give a special weight to Peak effects, and one could argue, "pit effects". This disproportionate weighing of past experiences has been labeled "focusing illusion" (Schkade and Kahneman, 1998).³

Third, the paper takes up the ideas of the focusing illusion and loss aversion by applying them to past events, such as unemployment. However, the paper takes prospect theory further by showing how past unemployment events are only significant if individuals expect them to be repeated in the future. The question "How are you" would thus mean "According to what you remember presently *and think may occur (again) in the near future*, how do you *evaluate* your overall satisfaction level?" This has implications for the potential "pit effect", or scarring, of unemployment. The paper shows that it is not past experiences of unemployment but subjective estimation of *future* job tenure that may cause the dip in SWS of the formerly unemployed.

Work satisfaction puzzles

³ The traumatization literature has also extensively documented the long-lasting negative effects of overwhelming distress on feelings of well-being (van der Kolk et al., 2007).

The subject of work satisfaction has attracted an enormous amount of research in sociology and psychology since the 19th century and more recently in economics. The reasons for this vary from aiming to increase productivity (Taylor, 1911) to enhancing happiness as a goal in itself (Weinert, 1998). In economics, Freeman's (1978) seminal article spawned an interest in measuring subjective utility⁴ that is currently pursued by Oswald (1997), Clark (1998), and others (Clark et al., 2004). In past years the burgeoning field of hedonic psychology has aimed to integrate the insights of different social science disciplines.

However, these empirical studies on SWS are largely limited to nations in the OECD world and lack cross-national comparative research that includes developing nations (Kahneman et al., 1999; Diener and Suh, 1999). Findings for developed nations may not hold for other countries across the world insofar as, according to Clark et al. (2004), individual characteristics of the country of residence matter for satisfaction at work. E.g. within developed nations there are remarkable differences. Sousa-Poza and Souza-Poza (2000: 532) analyze the data set on Work Orientations from the 1997 International Social Survey Program (ISSP) covering 21 countries, mainly in West and Eastern Europe. They (ibid.: 532) find "that there are some determinants of job satisfaction that apply to all countries (...) and others that are country specific (...)"

The cross-national validity of the effect of three factors on SWS has recently been subject to intense debate. First, income: How much weight is allotted to this so-called "extrinsic" factor, absolutely and relatively?⁵ Second, unemployment: in how far unemployment leads to "scarring", a permanent reduction in SWS, and is this mediated through institutional safety nets? Third, the gender job satisfaction paradox: How universal is the finding that women tend to be happier at work despite objectively worse working conditions?

Income: Ceiling effects and habituation

Income matters. How much it matters (1) relative to other factors and (2) relative to past earnings and the earnings of others is not quite that clear. Recent work has focused on ceiling and floor effects of income. It has also pointed to the role of relative income or "reference income," in particular on "habituation" through past income levels. The concept of adaptation was captured by Brickman and Campbell (1971) in the term "hedonic treadmill" (see Fredrick and Loewenstein, 1999 for a recent discussion).

Western research on SWS has moved from more to less materialistic foci as, perhaps coincidentally, these nations have developed economically. The Taylorist school of thought roughly a hundred years ago posited take

⁴ Freeman (1978:135) has argued that the attitudes that workers hold towards their jobs are not meaningless "but rather convey useful information about economic life that should not be ignored."

⁵ The second comparison point for individuals, besides own previous income, is that of a reference group. Which group constitutes a reference for an individual at any given time shifts throughout the life and is hence too complicated to integrate into this paper (see Abu Sharkh and Standing 2009 for a discussion).

home pay to be the main priority of workers.⁶ About half a century later the concept of the actualizing man gained sway in the context of the human potential movement. According to this still influential paradigm, the factors most determining satisfaction are “intrinsic”: the content of the work itself (Rose, 2003; Warr 1999; Uhlich, 2001). Income was not given an elevated state relative to other factors. In fact, income and other so-called extrinsic factors were only posited to be prerequisites for work satisfaction or, if absent, “dissatisfiers”. According to Herzberg et al. (1959) “intrinsic factors” are decisive for work to be satisfying (e.g. skill development, upward mobility and recognition). In the lens of prospect theory, one could speculate if intrinsic factors such as skill development could off-set job habituation effects. Note, the extrinsic versus intrinsic classification of Herzberg et al. (1959) is still employed in the SWS literature today and used here to structure the discussion of influential variables.

Recent hedonic psychology literature has substantiated the importance of intrinsic factors (Iaffaldano and Muchinsky, 1985; Warr, 1999; Green and Tsitsianis, 2005). The relative weights of extrinsic versus intrinsic factors are, however, still unclear (Uhlich, 2001)—both across individuals and across nations. Clark et al. (2004), identifying four classes of individuals, reject the hypotheses that the marginal effect of income on well-being is identical across different types of individuals.⁷

In cross-national research, Sousa-Poza and Sousa-Poza (2000: 532) find for 21, mainly OECD, countries that income is more important in the poorer Eastern than in the richer Western European countries. Reminiscent of Maslow’s hierarchy needs pyramid, this suggests that income may be more important in poorer than richer countries. However, there is no “floor effect” suggesting that *only* income matters in poorer nations. How interesting the job is and other intrinsic factor still matter Extrinsic factors only matters more in poorer than richer nations. .

Conversely, larger N aggregate, cross-national comparisons have suggested a “ceiling effect” of income: beyond a certain development level rising income does not increase happiness once basic needs have been met (Easterlin, 1974). This ceiling effect is known as the Easterlin paradox. Newer research has relativized this finding. Oswald (1997) and Stevenson and Wolfers (2008) argue that increased income on the nation-state level does buy extra happiness but only a small amount. The debate is on whether the relationship between income and happiness is logarithmic or sigmoid but it is generally recognized that it is not linear. Regardless of how much extra happiness is bought, money seems to go further in poorer nations.

A second set of debates regards the importance of absolute versus relative income. In line with the relative utility postulate of prospect theory, recent work has focused on the role of the role of relative income or “reference income,” in particular on “habituation”. Incomes are evaluated both relative to others (social

⁶ Both employer and employee benefits are maximized through job and task rationalization because this yields higher productivity. Increased productivity allows employers to increase profits as well as pay employees higher wages.

⁷ Clark (1998:3) argues for a self-selection of individuals where workers sort themselves into jobs which offer the rewards that they value: Those for whom money is important chose high income jobs.

comparison) and to own past earnings (Clark et al., 2007). Prospect theory suggests a particular sensitivity to losses (loss aversion) (Kahneman and Tversky, 1979). However, employees are also dissatisfied if their income remains steady due to “habituation” (Clark et al., 2007)

Hypothesis 1: Absolute income matters more the lower the respondent or the country is on the socio-economic scale. Relative income should play a consistently significant role for SWS.

Unemployment scarring and focusing illusions

Unemployment experiences should affect SWS through loss aversion. Indeed, according to recent literature, unemployment spells scar. There is a direct, psychological impact of past unemployment on SWS.⁸ Work fulfills basic psychological needs not only in providing income but also identity (Andersen, 2009). Losing work can thus mean losing life’s meaning. In examining reaction to unemployment in a 15-year longitudinal study, Lucas et al. (2004) find that on average, individuals did not completely return to their former levels of satisfaction, even after they became re-employed. They thus reject the set-point theories of subjective well-being that claim that people affectively react to negative or positive events but eventually always return to baseline levels of satisfaction over time. Clark et al. (2001) and Clark (2006) corroborate this scarring finding of unemployment. Using large-scale data from three European countries, Clark (2006) finds that unemployment has a strong negative effect on life satisfaction, which increases with the length of the unemployment spell.

However, recent studies point out that the severity of the direct and indirect effects of unemployment depend on the institutional setting. For instance, unemployment is not as scarring in Norway as in the US because unemployment benefits in Norway give lay-offs a longer time to find a job with the right fit. In a cross-national study, Gangl (2006) finds that the negative effects of unemployment on workers' subsequent earnings are mitigated through either generous unemployment benefit systems or strict labor market regulation.

Knabe and Rätzl (2008) argue for a “scaring” not “scarring” effect of past unemployment. In this model employees see their chances of future job loss increased by past unemployment. This is indeed often factually accurate (Arulampalam et al., 2001).

However, the argument for our purposes is not about statistical accurate probabilities but subjective fears. Drawing on the concept of prospect theory’s focusing illusion, as expanded above, suggests that past unemployment could depress SWS mainly via anticipatory anxiety. If “past pits” weigh heavily on subjective

⁸ Note, two sets of literatures exist on the “scarring” effect of unemployment. One is primarily concerned with the long term loss of income and job stability, e.g Arulampalam et al. (2001), Gangl (2004) or Fares and Tiongson (2007). Unemployment here indirectly affects present SWS by reducing present take-home home pay and job security. Unemployment hence affects SWS indirectly, being mediated through losses in income or job tenure. Income loss, however, may not be the most traumatizing aspect of unemployment. Assuming that unemployment reduced SWS due to income loss would suggest that lower classes would be more severely affected than the middle class. The reverse is true. Andersen (2009) reports that unemployment is especially severe on middle class individuals. This finding supports the supposition of a direct effect of unemployment on SWS. If unemployment would only lower subjective well-being indirectly via income reduction, working class individuals, presumably commanding over less of a financial cushion, should be harder hit than middle class employees. The paper thus focuses on direct effects.

satisfaction, then future, anticipated duress could have the same focusing illusion effect. Not the past incidence of job loss but the prospect of renewed unemployment depresses satisfaction at work. This “anticipatory anxiety” could reduce SWS *ex ante*, similarly to how prospect theory depicts negative experiences reducing SWS *ex post*. Factors allaying the fear of future job loss should thus mitigate the scarring effect of unemployment.

Hypothesis 2: Employment security significantly increases SWS: If a respondent feel secure about their job tenure, the scars of unemployment experiences disappear.

This logic of “scarring” can arguably be applied to other circumstances that may inflict real scars. Loss aversion should extend to all work characteristics that really matter, e.g. the safety of the working environment. The “anticipatory anxiety” exerted by unsafe working conditions or lacking insurance against accidents could reduce SWS *ex ante*, similarly to how prospect theory depicts negative experiences reducing SWS *ex post*. Health matters are important and closely connected to job satisfaction. Surprisingly, there is little literature on the effects of occupational health and safety measures on SWS although there is much on the effects of SWS on health (Faragher et al., 2005).⁹

Hypothesis 3: Work security significantly increases SWS: Adequate occupational health and safety measures relieve anticipatory anxiety and thus contribute to present employee contentment.

Gender job satisfaction paradox and culturally defined reference groups

Prospect theory emphasizes the role of reference groups in evaluating utility but who constitutes a reference group may differ across cultures. Women report higher satisfaction at work despite objectively worse working conditions than their presumably reference group: men. Clark (1997) reported this finding for Britain and labeled it the “gender paradox”. Analyzing microdata from 21 countries, Sousa-Poza and Sousa-Poza (2000) argue that in most cases this paradox can be explained by gender differences in endowments of work-role “inputs” (e.g., work time) and “outputs” (e.g., pay). However, in Great Britain, the United States, and Switzerland, the paradox remains after adjusting for these controls. Kaiser (2007) uses data derived from the European Household Community Panel on 14 member states of the European Union (EU) and argues that gender-job satisfaction differences across Europe serve an “indicator for labor market modernization”: The gender paradox is found only in less modern countries. However, according to this logic, it is not intuitively clear why Britain, the home of the industrial revolution, should be less modern than Scandinavian countries.

A different way to explain the findings of Kaiser (2007) is that in countries with a less culturally entrenched value of gender parity, the reference group for women is not men. Gender wage disparities or discrepancies should thus not affect female SWS. However, in Scandinavian countries, in contrast to Spain perhaps, the

⁹ Faragher et al. (2005) in a metaanalysis of over 450 studies, find effects of SWS on both psychological and subjective physical well-being.

reference group for women is men and disparities are perceived as injustices and depress SWS. This suggests attending to the cultural embeddedness of reference points. However, this line of logic does not fully explain the gender paradox in progressive societies such as Great Britain.

Clark (1997) and Kaiser (2007) explain their findings by recurring to “adaptive preferences”: lower expectations of women regarding their careers lead to more SWS. This is supported by Clark’s (1997) further analyses showing that gender satisfaction differentials disappears, also in Britain, for the young, the higher-educated, professionals and those in male-dominated workplaces, arguably because there is less likely to be a gender difference in job expectations in these circumstances. Sousa-Poza and Sousa-Poza (2003) also argue that converging employment opportunities lead to the disappearance of the gender paradox.

An alternative explanation would be “self-selection”: Women’s participation rates are lower than men’s (see also Clark et al. 2003 for evidence supporting self-selection). Clark (1997:343) argues that “if participation is correlated with the prospective satisfaction of working, then women’s higher satisfaction could have a simple statistical, rather than theoretical, explanation.” Using a Heckman selection model he finds that the results do not support the self-selection explanation of the gender job satisfaction differential. However, Clark et al. (2003) question their previous conclusions. Also, Clark’s (1997) results may be limited to Britain, a country wealthy enough to give women a choice whether to work or not. In developing countries women may not have the luxury of self-selecting out of the labor market. The luxury of self-selection may also explain why dissatisfied younger and professional women have not been able to self-select out of the labor market (yet), thus lowering mean satisfaction. Professional women may hold on to their positions more tenaciously due to the resources invested in their education despite being dissatisfied. Women in male-dominated workplaces may simply be less satisfied due to pervasive discrimination (see Alessio and Andrzejewski for a study on women in engineering 2000).

If the lower expectations and modernized labor markets explanations held, we would expect the gender paradox to emerge due to the “adaptive”, lower preferences of women. Inequitable gender roles in ABC would result in lower work aspirations and hence greater SWS. Conversely, if self-selection is a main reason for the gender paradox in many OECD nations then we should expect no significant gender differences in ABC as dissatisfied women in ABC do not have the luxury to opt out of the labor market.

Hypothesis 4: Women in ABC should not report greater SWS than men on average because dissatisfied women may not be able to drop out of the labor force as in other countries.

The effects of income, unemployment and gender are evaluated within the framework provided by the ILO’s conventions. The ILO provides the most influential practical global attempt to define and implement better working conditions. As the specialized agency of the United Nations, the ILO looks back on an almost century-long legacy of defining work place factor priorities together with governments, employers and unions worldwide; it has issued over 180 conventions aimed at improving working life. Due to its tri-part

structure (workers and employers organizations as well as governments) and multi-national composition, its conventions can be conceptualized as one of the most accurate crystallizations of a global consensus about what matters at work. According to Standing (1999, 2002) and the International Labour Organization's Socio-Economic Security Programme (Bonnet et al., 2003; ILO, 2004), these can be aggregated into seven dimensions of economic security.

To facilitate an overview of these seven factors they are grouped into extrinsic and intrinsic factors along Herzberg et al.'s classification that has recently been taken up by Rose (2003). Extrinsic factors are *income security* (pay and benefits)¹⁰, *security of employment* (type and length of contract)¹¹ and *labour market security* (the safety of being able to keep employment, for example during an economic crisis)¹². Intrinsic factors are *skill security*¹³ and *job security*,¹⁴ that is, the possibility to accomplish tasks and develop skills as well as upward mobility and recognition.

Two factors are absent from Herzberg et al.'s concepts (1959): *work security* (occupational health and safety standards) and *voice security* (representation). These concepts have also not featured prominently in recent discussions on SWS. However, according to Standing (1999, 2002) and the ILO (2004), voice security is among the most important work characteristics both as *individual representation* and *collective representation*. *Individual representation* is related to individual rights enshrined in laws as well as individuals' access to institutions such as a safety committee, while *collective representation* is defined as the right of any individual or group to be represented by a body that can bargain on its behalf and which is sufficiently *large*, sufficiently *independent* and sufficiently *competent* to do so, such as independent trade unions. The paper explores how these neglected aspects impact SWS separately and in their intersection.

10 Income security denotes adequate and regular, actual, perceived and expected income, either earned by working or in the form of social security and other benefits. It encompasses the level of income (absolute and relative to needs), assurance of receipt, and expectation of current and future income, both during a person's working life and in old age or disability retirement. Historically, security protection mechanisms have included a minimum wage machinery, wage indexation, comprehensive social security, progressive taxation, etc.

11 Employment security is protection against loss of income-earning work. For wage and salary workers, employment security exists in organizations and countries in which there is strong protection against unfair and arbitrary dismissal and where workers can redress unfair dismissal. For the "self-employed", it means protection against sudden loss of independent work and/or business failure. Typically, forms of enhancing this have been protection against arbitrary dismissal, regulations on hiring and firing and imposition of costs on employers for failing to adhere to rules.

12 Labour market security arises in labour market environments in which there are ample opportunities for adequate income-earning activities. It has a structural component, in that it represents the types and quantity of opportunities. Furthermore, it has a cognitive side, as it also features expectations that opportunities are or will become adequate. Labour market policies aimed at enhancing this form of security have included employment agencies and other placing services.

13 Skill reproduction security denotes the workers' access to basic education as well as vocational training to develop capacities and acquire the qualifications needed for socially and economically valuable occupations. To further skill reproduction security, widespread opportunities to gain and retain skills, through educations, apprenticeships, employment training and the opportunity for professional development are needed.

14 Job security signifies the presence of niches in organizations and across labour markets allowing the workers some control over the content of a job and the opportunity to build a career. Whereas employment security refers to the opportunity of a worker to continue working in an enterprise, job security refers to the worker's ability to pursue a line of work in conjunction with his interests, training and skills. Protection mechanisms have consisted of barriers to skill dilution such as craft boundaries, job qualifications, restrictive practices, craft unions, etc.

Institutional setting: Labor market laws and structures in Argentina, Brazil and Chile

As discussed, institutional settings matter regarding the effect that income, unemployment or gender exerts on SWS. In the following paragraphs, I discuss the labor market structures and institutions in ABC. The paper cannot claim to be genuinely comparative in nature due to the limited cross-national variation in an N of 3. The following discussing thus only provides a limited framework for interpreting some of the findings in the household studies.

There are comparatively large development stage differences between ABC measured by GDP per capita: (Argentina: 11320, Brazil: 7360, Chile: 9190 in 2001) or Human Development Index ranking (Argentina: 34, Brazil: 65, Chile: 43 in 2001; the HDI values are Argentina: 0.849, Brazil: 0.777, Chile: 0.831 in 2001). This is important to bear in mind as the cross-national literature on income suggests that the poorer the country, the more likely income and other extrinsic factors outweigh intrinsic factors for SWS.

As suggested by prospect theory, comparison incomes matter. Latin America has historically been the country with the highest income inequality. Brazil holds the highest coefficient in the region. Over a span of two decades, Brazil's Gini-coefficient did not fall below .60 while Argentina's and Chile's have ranged from the mid .40's to the mid .50's (World Bank, 2000). The Gini coefficient of a country is relevant because positive hedonic states are highly contingent upon the *relative* position in society: In other words, "people care greatly about their relative income", often even more than about their absolute earnings (Layard, 2005:42). Income may play an even more pivotal role for work satisfaction in societies with significant income inequality like Brazil.

People do not only rank themselves relative to other's earnings but also relative to their own previous earnings. Thus the economic turmoil and concomitant decline in income and job stability that afflicted respondents around the time of the survey likely affected the answers. The turn of the century was marked by economic down-turn, especially for Argentina. Unemployment rates increased dramatically, reaching above the 10% mark by late 2001 for Argentina and Brazil, though not Chile. The situation in Argentina further deteriorated during the severe economic crisis in 2001-02. In 2001, Argentines experienced a reduction in nominal wages. By late 2001 real GDP was 18% smaller than in 1998; almost 60% of Argentines lived under the poverty line. In Chile growth in real GDP began declining steeply in 1998 due to tight monetary policies to reduce the current account deficit and due to lower export earnings during the global financial crisis. By 1999 Chile experienced negative economic growth. Electricity rationing may have added to a sense of decline. Loss aversion suggests that this economic climate negatively impacted the wellbeing at and of work with respective spill-over effects both ways.

In such a climate, institutional factors mediating the impact of economic shocks may be crucial for SWS, especially for people at the bottom end of the pay scale in these highly unequal countries. The two institutions strongly impacting labor power are unions and social security provisions. Both increase what Auer et al. (2005) have called "empowerment on the labor supply side".

Gauging labor power in ABC is complicated by the fact that most unions are not independent. Latin American labor laws are based on a paternalistic model. Historically, Latin America has been characterized by high levels of state intervention and poor civil society action. This has encouraged labor unions to develop; in Argentina and Brazil populist labor-based parties have even supplied the country's president (McGee, 2008). In Argentina and Brazil, the State accredits only chosen unions with "representative authority" (Heckman and Pagés, 2004). In Argentina, the country with the highest unionization rate, the state also intervenes in the conflict resolution and arbitration process. Unionization rates are not good indicators of labor power when unions have so little independence. Mere percentages also do not adequately represent very different union structures with different bargaining and representation capabilities (ILO, 2004). In lieu of "union density" as used by Howell et al. (2006), the countries may be better characterized by (1) rights around unionization and representation and (2) the leverage that unions are able to exert through disruptive action (Botero et al., 2004; Abu Sharkh, 2008). In France, for instance, though the numbers of unionized workers are low, the possibility of wildcat and solidarity strikes grants unions tremendous leverage. The second factor for labor empowerment is composed of social security provisions. The relevant provisions for ABC here are old age benefits, disability and death benefits and unemployment benefits.¹⁵

Taking these indicators, Abu Sharkh (2008) classifies Brazil and Chile as flexicure, scoring low on both employment protection legislation and indicators of independent union strength and providing only elementary social security provisions. Argentina is a securiflex country scoring higher on formal independent union rights and social security provisions but also low on employment protection legislation (ibid.).¹⁶ By 2001, Chile had the lowest labor cost of the three countries (McGee, 2008). More liberal countries tend to have fewer employment protection mechanisms thus leading to uncertain job tenure, which in turn impacts SWS.

The last noteworthy aspects about the labor markets in ABC concern women's legal and actual status. The less gender parity is expected, the larger the gender job satisfaction paradox should loom. Discriminatory experiences relative to men would not affect women because males are not their reference group. In societies with unquestioned, pervasive discrimination, objective gender labor market disparities may be seen as the result of "natural differences" rather than unfair hiring and firing practices. How marked are gender differences *de jure* and *de facto*?

De jure, men and women are the same. All three countries signed the ILO convention prohibiting the discrimination of women in the labor market (Argentina 1968, Brazil 1965 and Chile 1971). However, there is

¹⁵ The generosity of the system providing non-wage income should have effects on how pronounced the past unemployment scar and future unemployment scare is via two mechanisms: First, by providing a more cushioned unemployment experience and hence allowing workers to be "choosier" (Siebert, 1997), they have a longer time to successfully match job aspirations with work characteristics with ensuing greater satisfaction. Second, the reduced fear of prospective unemployment can decrease anticipatory anxiety.

¹⁶ Cook (1998) uses a different classification and argues that in the 90's Argentina changed its labor law from protective to flexible, Brazil from liberal to flexible and then to protective, and Chile from protective to liberal.

substantial variation with how long introducing the corresponding national legal reforms took. In Brazil, the national body took until 1999 to institute the corresponding legal reforms (Argentina in 1973 and Chile in 1978) (Abu Sharkh, 2008).

On the ground, feminists look back on a history of uniting against military dictatorship in Argentina, Brazil and Chile. In Brazil, as in its neighbors, feminism arose as part of a wider struggle against authoritarianism (Pitanguy, 1998). In Argentina women first mobilized within their roles as mothers and grandmothers as Madres and Abuelas de Plaza de Mayo. The Argupaciones de Familiares de Detenidos-Desparacidos in Chile resembled the Madres in some of their language and practice (Waylen, 1998). The effects of these activities on the cognitive and structural emancipation of women, however, is still debated as the women mobilized as mothers, not women. Waylen (1998) suggests that the close ties to political parties on the left prevented the emergence of a gender identity.

The restoration of democracy improved women's rights. In Argentina, the new public policy models had a large gender component (Navarro, 2001). In Chile, the transition to democracy likewise led to a greater incorporation of women's demands. Activists came together as the Concertation Nacional de Mujeres por la Democracia to present key demands to the government (Schild, 2002). This activism could have made women more aware of their rights, generated greater expectations and thus more dissatisfaction with labor market realities.

Concerning the de facto position of women, the large increases in the female labor force participation rates in Latin America are striking (Abu Sharkh, 2009b). Women's share of the nonagricultural sector in 2001 (% of total non-agricultural employment) is highest in Argentina, followed by Brazil and Chile. However, labor force participation rates alone are not a good indicator of self-selection out of the labor market due to discrimination as women may not work because they prefer leisure.

Graphic 1: Share of Women in the Non-agricultural Sector in 2001 (% of total nonagricultural employment)

Unemployment is arguably a better indicator. To be unemployed connotes the search for work while finding none. High male-female unemployment discrepancies exist, for instance, in Chile (World Bank, 2006). This can be seen as a sign of a relatively closed labor market access for women. The unemployment rate discrepancies could also hint at self-section with dissatisfied women quitting their job as well as having trouble finding new employment.

Operationalisation of dependent variable: If respondents do not know, who else could?

There are two ways of measuring satisfaction: "*subjectively*" and "*objectively*". Both have drawbacks (Kahneman et al., 1999). This article employs subjective measures: the respondent's own subjective account of satisfaction level. For the sake of completeness both the drawbacks of the objective and subjective measures of satisfaction are discussed.

Employed “objective” satisfaction indicators include: low rates of suicide (drawing on Durkheim’s anomic suicide) and para-suicide (i.e. attempted), low divorce rates and low depression rates (Oswald, 1997). Among the newer proxies is a reduction in stress related illnesses. Objective happiness indicators often lack plausibility; for example low divorce rates may also be due to lack of choice in some legal systems, such as in the *Sharia* for women, not due to marital bliss.

As with all survey responses, problems abound. As all subjective attitudinal measures, SWS inquiries bear the problems of scale norming, semantic conventions, subconscious reference points and groups, the impact of momentary feelings, threshold differences and individual tolerances, context and demand effects, e.g. social desirability, temporarily raised prominence through asking (Frederick and Loewenstein, 1999). Self-reported satisfaction at work is also correlated with overall happiness levels (Warr, 1999). Furthermore, there are grave inter-individual differences in the subjective perception of the work situation and work motivation (Brayfield and Crockett, 1955; Weinert, 1998).

Rose (2003:506) discusses the problem of treating the “affective coloration of job satisfaction statements” as randomly distributed individual heterogeneity. He comes to the conclusion that statements about job satisfaction “embody a substantial core of rationality, providing scope for interlocking contributions of labour economists and sociologists” rather than just reflecting affective disposition and thus only being an object for psychological investigation (Rose, 2003:506).

Another problem particular to cross-sectional studies are threats to “internal validity” (Kromrey, 1991) because interpretations of “satisfaction” may not be comparable across different cultures due to differing semantic content; that is, everyone might not be attaching the same meaning to the words. However, as Diener and Suh (1999: 434) posit: “Although surveys of subjective well-being face methodological challenges, the existing data suggest that the measures have a degree of validity and that between-nation differences are substantive”. Validity should be especially likely for countries that fall within a similar cultural heritage area, such as the “ABC countries” in the Southern Cone.

Despite the fact that both objective and subjective measures suffer from drawbacks, subjective ones are still preferable: If respondents do not know how satisfied they are, who else could?

Data and methods: How to measure subjective satisfaction

Variables

Dependent variable: Subjective work satisfaction

Respondents reported their attitudes about the seven forms of work satisfaction in response to the question: "In general, how would you classify your degree of satisfaction with your current main job (earning activity) in terms of the following? (1) Wage level or income, (2) Non-wage benefits and entitlements, (3) Nature of work performed, (4) Extent of autonomy/independence, (5) Opportunity for improving skills, (6) Opportunity for promotion, (7) Work environment." The answer options were "1. Very unsatisfied 2. Unsatisfied 3. Neither satisfied nor unsatisfied 4. Satisfied 5. Very satisfied or 6. Don't know (coded as missing)." If they do not work currently, a missing is reported.

Is work satisfaction multi-dimensional? In other words, is satisfaction in one domain of work highly correlated with satisfaction in another domain and can thus be aggregated? Before proceeding with the multivariate analyses, a principal component analysis (PCA) assessed if there is an underlying dimension of work satisfaction regardless of any specific area/concept. As satisfaction is an ordinal variable, PCA¹⁷ constitutes the adequate technique. PCA yields that a case can be made for a *single* factor that loads highly on all dimensions of work satisfaction.

Taking all seven dimensions of work satisfaction together, the items composing average satisfaction show a fairly high reliability as Cronbach's alpha suggests (Cronbach's alpha for Argentina= 0.81, for Brazil= 0.82, for Chile= 0.84).¹⁸ This justifies using an aggregate variable of work satisfaction such as "overall work satisfaction", computed by adding the seven dimensions of work satisfaction and dividing by 7.

Independent variables: Objective and subjective

Objective variables

Income Security was measured by two variables: Household income was measured by the aggregate average monthly money income of the respondents' household for the last month, logged. Income stability was based on the question: "Comparing to what you made two years ago, how is your labour/business income from your main job/labour activity?" The answers "higher" or "about the same" were coded as 1; "lower" was coded as 0.

¹⁷ Principal Component Analysis determines the unit-length linear combinations of the variables with the greatest variance.

¹⁸ This technique computes the inter-item correlations or covariances for all pairs of variables and Cronbach's alpha statistic for the scale formed from them. Cronbach's alpha tests the reliability of a summative rating scale.

Voice Representation Security: "At your present main job/work/business, is there a department or committee responsible for health or safety in the workplace?" Responses were coded as "yes"=1; "no" or "do not know"=0.

Job Security: "Have you been promoted in your main job/work in the last two years?" Responses were coded as "yes"=1; "no" or "do not know"=0.¹⁹

Skill Representation Security: "Have you received formal training, or other labour skill enhancing activity, in the last two years?" Responses were coded as "yes" (both voluntary and involuntary) =1; "no" =0.²⁰

Work security: "In your main occupation are you entitled to the following benefits...paid sick leave?" Responses were coded as "yes"=1; "no"=0.

To test for gender effects a dummy for female is included (coded 1 for "female"; 0 for "male").

Subjective variables

Voice Security: Trade union attitude is taken from "What do you think about the following statement: 'The labour unions, in general, represent adequately/efficiently the workers' interests.'" Responses were recorded on a five point Likert-type scale, ranging from "fully disagree" (coded as 1) to "fully agree" (coded as 5).

Employment Security: "How confident are you that you will be able to keep your present main job/economic activity/business for the next 12 months if you want to do so?" Responses were recorded on a five point Likert-type scale, ranging from "very unconfident" (coded as 1) to "very confident" (coded as 5). "Don't know" and "not applicable" were recorded as missing.

Labour Market Security: "Are the skills and knowledge you have at present in your main work/job/activity transferable to other jobs?" Responses were coded as "yes, very much" and "yes" = 1; "no" = 0.

Work Security: "In general, how safe or unsafe do you regard the working environment in your main workplace?" Responses were recorded on a five point Likert-type scale, ranging from "very unsafe" (coded as 1) to "very safe" (coded as 5). "Don't know" and "no answer" were recorded as missing.

Control variables

The models control for several socio-demographic characteristics. Age of the respondent was measured in years. Kalleberg and Loscocco (1983) report older workers to be significantly more satisfied. I also tested for curvilinear effects of age as Clark et al. (1996) and Warr (1999) suggest, but found no significant results. Education was measured ordinally as follows: "primary"=1, "incomplete secondary"=2, "secondary

¹⁹ The question "regarding the last two years, have you been affected by changes in the establishment you work at that resulted in a downgrade in: a) your occupational grade/skills? b) remuneration (wage rate)?" was also tried as a measure of job security but yielded less consistent results.

special“=3, “secondary general“=4 “incomplete university degree“=5, “university degree“=6 and “scientific degree, scientific rank“=7. Previous research has argued that education has a negative effect on SWS (Clark and Oswald, 1996).

A dummy variable for married status was constructed from a question about marital status, with “married” coded as 1 and “single”, “divorced” or “widowed” coded as 0. Close social ties engender well-being (including marriage, except for black men in the US: Glenn and Weaver, 1981) with conceivable spill-over effects on SWS (see Abu Sharkh, 2005 on life-work spill-over effects). A protestant dummy was included to measure attitudinal spill-over effects of a “protestant work ethic” (Weber, 2004). This protestant ethic to achieve should create high expectation and ambition. Higher, unmet expectations can result in lower SWS (Clark, 1997). In Catholic countries, however, being protestant also connotes being an outsider.

Sampling in metropolitan Argentina, Brazil, and Chile

The data for this study come from an urban sample of 2613 Argentineans, 3692 Brazilians and 1054 Chileans collected in People’s Security Surveys (PSS) during 2000/2001 (final non-missing N of all employed) (see Anker 2002 on methodology of PSS). As Lavinias and Ramos (2001:33) explain, stratified sampling or “quotas” were employed because of difficulties in obtaining a national representative sample. The sampling was stratified by region. The “quotas” were obtained by combining sex, age (15-24, 25-44, 45-64), and occupational status (occupied and non-occupied). The Pilot was conducted in Brazil (100 households) and served to develop a common questionnaire and manual for all three countries.

This sampling strategy allows for a representative sample of the urban labour market, a very “relevant part of national labour markets” (Lavinias and Ramos, 2001:33). Three metropolitan areas in each country were chosen: Greater Buenos Aires (1313), Cordoba (507) and Rosario (508). In addition, 592 interviews were conducted in the Federal District in Argentina; Sao Paulo (2000), Rio de Janeiro (1200) and Recife (800) in Brazil; and Greater Santiago (432), Valparaiso (385) and Concepcion (380) in Chile.

Lavinias and Ramos (2001:34) applied a three-step procedure: The random selection of (1) districts (‘Comunas’ in Chile and Municipalities in Brazil and Argentina): (2) sub-districts (‘blocks mobiles de ‘manzanas’ in Chile; ‘bairros’ in Brazil and ‘distritos censarios’ in Argentina) and (3) households (consisting of a random selection of the first household in each sub-district and successive jumps - every 3 to 8 households) (ibid., 2003: 33).

Regression models

Ordered probit is the model of choice when the dependent variable is ordered categorically and expresses an underlying continuous concept (Long, 1997). In this case, the distances between the categories, e.g. “very satisfied” and “satisfied” are not equal. The different scores for the cut off points in the

probit model confirm this. Probit is also a standard model in the SWS literature (e.g. see Clark, 1997, 1999). For all main independent variables normal distribution assumptions were tested.

All ordered probit model results were cross-validated with a Heckman selection model. Employing only the probit model would be adequate for the analyses if the 'missing's on the reported satisfaction were completely at random, but this is not the case. To report satisfaction at work, the respondent needed to be currently employed. Possibly, the decision to not work and how satisfied the respondent is at work are interrelated, especially for some groups like women. Alessio and Andrzejewski (2000:313) argue that the proverbial glass ceiling is composed not only of the income glass ceiling but also a "survival glass ceiling". Drawing on a larger body of literature, they argue, "many women experience discrimination, which can become so stressful that the costs of staying in the profession are too great" (ibid. 312). Since women have a socially legitimate alternative role (housewife and mother), they may choose to drop out of the labor market more readily (see also Clark et al., 2003 on the selection bias)..

It also takes non-responses of employed into account. Even employed respondents often do not answer. Gilljam and Granberg (1993) argue convincingly that individuals who choose not to answer often indeed have an opinion. Comparable to non-voters, they may be the most dissatisfied. To estimate who is likely to answer at the same time as estimating what they answer simultaneously a Heckman selection model is the adequate tool (Heckman, 1976, 1979).²¹

The results regarding the effects of the 7 dimensions of socio-economic security are comparable between the probit and Heckman selection models. In only one cases (the effects of job skill training in Brazil), however, did the Heckman estimate inflate the standard errors of the variables capturing socio-economic security enough to push them into insignificance. This inspires confidence in the results presented here.

Note, many of the drawbacks concerning cross-sectional studies listed by Clark et al. (2003) apply, despite the questionnaire asking about past and future events. See Kalleberg and Mastekaasa (2001:204) for similar criticisms of cross-sectional snapshots. However, these household surveys provide the most detail on work history in ABC available.

Results: Socio-economic security increases work satisfaction

Univariate statistics

Overall individuals are slightly more satisfied with their work than not (see appendix for greater detail). Individuals tend to be the most satisfied with is what Herzberg et al. would have called satisfiers: Around 50% to 60% of respondents were satisfied with the nature of their work and the degree of autonomy across

²¹ The Heckman selection model is a two equation model. First, there is the regression model: $y = v\beta + u_1$. And second, there is the selection model: $z\gamma + u_2 > 0$. Where the following holds: $u_1 \sim N(0, \sigma)$ $u_2 \sim N(0, 1)$ $\text{corr}(u_1, u_2) = \rho$.

all three countries. Respondents were least satisfied with the extrinsic factors such income and benefits.²² This has implications for Herzberg et al.'s (1959) conclusion, which influenced a whole school of thought, that the nature of work, or, more specifically, the ability to achieve at work was the most important determinant of SWS; they had come to that conclusion because intrinsic aspects were mentioned most frequently in the interviews. These findings suggest that the frequency with which intrinsic factors were mentioned may stem from the greater SWS the respondents associated with intrinsic factors, not the greater importance. Rose's (2003) criticism that the current research focuses too much on intrinsic factors is validated by my findings.

Measures of satisfaction were much higher for skilled workers. Professionals report a higher level of satisfaction than the unskilled (results available upon request). The difference is especially significant regarding satisfaction with the nature of work.²³

Multivariate statistics

What influences work satisfaction? Table 1 shows the effects of the 7 dimensions of socio-economic security on average work satisfaction. Table 2 shows the effects separately for professionals and unskilled for Brazil as different work characteristics matter for employees on opposite ends of the pay scale according to the literature. Only in Brazil was the N sufficiently large to support such an analysis. Table 3 features the same regression using a Heckman selection model to test the argument that gender differences in SWS is due to sample selection, not the lower expectations of women.

The ordinal probit models in table 1 show that all 7 dimensions of socio-economic security are relevant. The variables are standardized to judge the impact one variable has relative to the others. Model 1 in these tables incorporates only the objective factors while model 2 incorporates both objective and subjective assessments of work characteristics. F-tests revealed that a model integrating the subjective evaluation of some of these dimensions also yielded a statistically significant better fit of the entire model (higher Wald Chi-Sq).

As Table 1 shows, the most influential variables are remarkably consistent across countries. Both the objective work characteristics and their subjective evaluations were concomitantly significant. The subjective evaluations often have a greater impact than their objective manifestations. The following paragraphs

22 This finding is consistent across all three countries despite the comparatively large development stage differences. The values are Argentina: 0.849, Brazil: 0.777, Chile: 0.831 in 2001. Differences in the mean satisfaction scores are small, with Chileans reporting the highest satisfaction scores followed by Brazilians and Argentinians. Tests reveal that country differences, though small, are statistically significant. That Argentina and Brazil are the same can be rejected at a 5% significance level, Argentina and Chile at a 1% significance level, and Brazil and Chile at a 0.1% significance level. This may be due to a relative shift within these societies.

23 T-tests revealed that the hypotheses that differences between the two occupations in average satisfaction and satisfaction with the nature of work were not statistically significant could be rejected with very high significance levels.

discuss these findings first in light of the hypotheses and then within the larger framework of SWS predictors.

Table 1. Ordered probit regressions (Standardized): Overall work satisfaction in ABC

ABOUT HERE

Table 2. Ordered probit regressions (Standardized) for professionals and unskilled in Brazil:

Overall work satisfaction

ABOUT HERE

Table 3. Heckman selection model: Overall work satisfaction in ABC

ABOUT HERE

Income: Ceiling effects and habituation

Income matters. Absolute income matters most in the poorest nation with the highest inequality: In Brazil income is most significant and has the highest (standardized) impact on SWS of all objective indicators. The standardized coefficient is .18 in model 1 and .17 in model 2, both significant at the .001 level. In Argentina absolute income was also significant while adding little for SWS in Chile.

Income stability played the most important role in the country with the greatest downward decline: in Argentina income stability over the last two years strongly and significantly increases SWS. In Chile, which had experienced recent economic decline to a far lesser extent income stability is only significant in model 1. In Brazil, income stability is insignificant. Another important factor for SWS is not stability but improvements. Promotion in the last two years was highly significant in Brazil and Chile and positive, though not significant in Argentina.

While income across countries and income stability in Argentina is a strong predictor of satisfaction, as the Taylorist school would have predicted, other dimensions out-compete this extrinsic factor. Skill training, both voluntary and involuntary, received over the last two years is consistently significant with high beta-values. In Argentina and Chile, training is more predictive for work satisfaction than income. There was no a floor effect found cross-nationally for intrinsic factors: Skill development significantly increases satisfaction in even in the poorest nation.

To avoid the ecological fallacy,²⁴ the importance of intrinsic factors within occupational groups is also tested (see table 2). In contrast to ceiling effect assumptions, absolute income was not more significant for the unskilled at the bottom of the pay scale than for professionals although the coefficient was positive for

²⁴ Methodologically, all aggregate research runs the risk of the ecological fallacy, wrongly inferring the nature of individuals from aggregate statistics collected for the group to which those individuals belong.

the former. Income stability over the last years was significantly negatively correlated with SWS for professionals, perhaps reflecting a frustration with limited upward mobility on the pay scale.

Table 2 shows that intrinsic factors are more significant for professionals than they are for the unskilled. For professionals skill training is correlated significantly and positively with SWS even when controlling for promotion (which it may be tied to). For the unskilled it is not. This could either be interpreted in line with Maslow's pyramid of needs to SWS with employees on the lower levels being most concerned with extrinsic aspects of their work. Another interpretation could be along Clark's (1998) suggestion that employees self-select into professions that match their aspirations with less avid skill seekers choosing low skilled professions. Lastly, the kinds of training received by the unskilled could not be conducive to increasing SWS.

Conceivably, there are also feedback loops between skill training and SWS. For instance, more satisfied employees could invest more in skill training. Additional analyses showed, however, that skill training increases satisfaction whether it was voluntary or not, suggesting that the main effect runs from training to SWS, not vice versa.

Scarring or focusing illusions: Prospective unemployment and (work) accidents

According to the literature, losses, particularly unemployment, can scar. However, analyses here revealed that the effect past unemployment has on lowering satisfaction levels disappears as soon as indicators of present job tenure confidence (employment security) are introduced. If the employee feels secure in the present job through the type of contract or confidence in maintaining employment, the negative correlation of past unemployment on SWS disappears, perhaps because workers then no longer focus on these past events²⁵ These insignificant variables were thus dropped from the models. Note that this finding addresses psychological scarring, not the literature on the scarring effects of unemployment on life time earnings.

Objective indicators on employment security are especially ill-equipped to fully capture how secure a respondent feels about holding on to employment. The objective measure of employment security (semi-permanent or permanent contract) is not consistently significant across countries in any specification.²⁶ Only in Chile is the objective measure significant (at the .05 level). Subjective confidence in maintaining employment is highly significant in all countries (at the .001 level). This implies that contracts may only be a rough indicator of employment security. What composes confidence in job tenure goes beyond the type of

²⁵ Additional analyses suggest that, perhaps due to hedonic treadmill effect discussed above, permanent contract (versus a contract a semi-permanent contract for more than a year) does not further enhance well-being.

²⁶ Various cut-offs were tried such as permanent versus all other forms etc. In the more parsimonious models, the dummy retained was "contract of more than a year".

contract and involves intangible impressions about appreciation by superiors or the economic situation of the country.

The security written contracts provide differ among ABC as the discussion of the institutional setting above suggests; Chile's liberal labor laws facilitate hiring and firing at will and may make individual contractual stipulations more relevant than in countries in which more protective labor legislation applies irrespective of contract stipulations. Also, Chile's regulatory state capacity is strong enough to enforce contract law whereas in other countries the contracts may not be worth the paper they are written on. Lastly, irrespective of the labor regime, economic downturns, as in Argentina, jeopardize the employment security of all workers not matter which contract they hold.

This finding may indicate that if the present employment situation inspires enough confidence in its longevity then the psychological "scars" of previous unemployment spells are rather healable wounds.²⁷ Not past unemployment but the anticipatory anxiety of future hardship may explain previous findings in the literature on "scarring effects" and retrospective focusing illusions.

Scaring, not scarring, effects may also be a key reason for the strong effect occupational health and safety measures (work security) exert on work satisfaction. Health insurance is significant and positive both in Argentina and Brazil, though not in Chile. To be insured is perceived by workers as an important safeguard.

To voice work security issues is among the strongest consistent predictors for SWS, especially in its intersection with voice: A safety committee at the workplace strongly and significantly improves SWS across countries. A safety committee was here used as an indicator of voice, though it also represents an indicator of work security, due to the problems in employing unions as indicators of independent voice security representatives discussed above.

Against this backdrop it is perhaps not surprising that union representation at the work place or membership did not significantly contribute subjective work satisfaction. Trust in unions on the other hand did significantly impact SWS in Argentina and Brazil. This suggests that due to the historical legacy of unions being dominated by the state, independent voice representation in ABC may be better served through new issue-specific institutions such as safety committees in the workplace.

The subjective measure of work security, perceived safety at work, was consistently among the top predictors: In Model 2, Argentina reported a standardized score of .22, Brazil .23 and Chile .23, all at a .001 significance level. No other variable had a higher score. Health insurance is positive and significant in

²⁷ This may be because the question in the survey asked whether the respondent has been unemployed in the last two years only.

Argentina and Brazil. Additional analyses pointed to a greater role for health insurance than pensions to promote work satisfaction.²⁸

The subjective account of work safety is the consistently strongest and most significant predictor of SWS. Not only are health and safety considerations the strongest predictors, but, when objective and subjective factors are combined, they are in many cases on par with all the other independent variables together (significant on a .1 level), perhaps because workers focus on these unlikely but potentially catastrophic event when evaluating the utility a job hold for them.

Gender job satisfaction paradox: Changing culturally defined reference groups

The gender paradox was not substantiated by the ordered probit results in table 1. None of the three countries exhibited significant gender differences regarding overall SWS. As Clark et al. (2003) had found differences in the extent of the gender paradox among occupations, the analyses were done separately for professional and unskilled workers in Brazil (table 2). In line with Clark's finding, professional women are not more satisfied. However, unskilled women, who arguably have lower expectations than professionals and thus should be more prone to exhibit higher SWS are also not significantly more satisfied. In fact, in model 2 being an unskilled and female correlate negatively with SWS. This suggests that perhaps the gender job satisfaction paradox picks up other, unspecified work or attitudinal characteristics.

Table 3 shows the results of the Heckman selection model for mean work satisfaction (coefficients read like regular ordinary least squares regression). Sex and other socio-demographic variables were used in the selection equation because *who* answers to work satisfaction questions, is unlikely to be random. As women are much more prone to self-select out of a profession if not content this model specification is needed to further examine the gender paradox.

In the selection equation being female is highly significant (at a .001 level) and *negative*. This finding reflects a sample selection (women are less likely to work). Additional analyses also showed that this picks up a "respondent selection" (women are less likely to answer) to a lesser extent. Additional analysis showed that being female is also negative and highly significant (at a .001 level) when employing either satisfaction with the nature of work or with self-development possibilities as dependent variables (results available upon request). This questions whether in the gender segregated occupational stratification, women have the kinds of jobs they want.

What kinds of jobs do they wish for? When analyses were done for the two groups separately, the predictors for work satisfaction for men and women were comparable as Clark (1998) found for OECD countries. Promotions and income were more significant predictors of contentment with the job for men than

²⁸ Note, the correlations matrix indicates the correlation between health insurance and pension insurance is highly significant and hovers around .5, as are correlations between other forms of insurance such as unemployment insurance, except in the case of Chile. All of those variables are highly correlated with having a permanent or semi-permanent contract.

for women. However, these measures tended to partially lose their significance for men once other measures of security were introduced.

On a side note, race does not matter in any of the SWS models and was thus not integrated into the final models. Typically, the older and more educated are significantly more likely to work and give a substantive answer (see table 3). Religion did not matter in either the probit or Heckman models for SWS (see table 1 or 3).

Discussion and Conclusion

Using People's Security data from three countries, ABC, the article examines objective and subjective work place factors affecting SWS within the framework of prospect theory. In doing so it also tests the applicability of recent findings within the OECD context to developing nations. Three aspects of work that have attracted attention in recent Western scholarship and their theoretical underpinnings were discussed: the relevance of income (habituation and the impact of absolute and relative earnings), long-term negative effects of unemployment (focusing illusion and scarring/scaring), and differences between men and women in SWS (the gender paradox). The results caution the use of global claims about factors increasing SWS based on Western nations and point to unique priorities in ABC.

The findings offer support for the prospect theory claim that utility is reference based. In other words, individuals are subject to adaptation, focusing illusions and reference group comparisons. However, the findings suggest that reference points are highly contingent on cultural, economic and occupational settings. An individual's reference in assessing job utility is not limited to the self or to a defined occupational group but contingent on changing national contexts. Analyses with both ordered probit and Heckman selection models substantiate no income habituation, unemployment scarring and the gender paradox on SWS in ABC. Instead, employment, work and voice security are key predictors of work satisfaction across ABC and across skilled and professional occupations in Brazil.

Cross-nationally, income stability had a significant positive effect in the country hit hardest with economic turmoil: Argentina. This suggests that people readjust their expectations in line with the general institutional setting. As Argentines were subject to a reduction in nominal wages in 2001, wage earners were likely to value a consistent income. In some economic contexts, habituation is off-set by the relief to be able to hold on to a stable income source.

Across occupations some support was found for Clark's (1999) habituation claim. Wages can be habit forming: In Brazil, income stability has a significant negative effect SWS for professionals. However, for the unskilled no such depressing effect was found. Perhaps their expectations differ, perhaps professionals self-select into careers promising upward mobility because they value increases. This suggests the need for more analysis on the importance of absolute income and income stability for different groups in different countries over time to assess endogeneity effects.

In line with the ceiling effect of income, suggested by hypothesis 1, earnings lose their significance for increasing SWS after a certain level. Earnings have the strongest impact in the weakest economies, Argentina and Brazil, and the weakest impact in Chile.

The findings suggest that other factors than income play a significant role for SWS. There was no floor effect found cross-nationally for intrinsic factors: Skill development significantly increases satisfaction even in the poorest nation. However, they seem to play a slightly less important role in the poorer Brazil than in wealthier, stable Chile. Among occupations, intrinsic factors mattered more to the higher income group: skill development was associated with significant increases in SWS for professionals but not the unskilled. This finding does not suggest a hierarchy of needs with bread and butter issues overshadowing everything else as much as modest differences in weighing priorities. Much more research with a larger N both in respect to countries and occupations is needed for more conclusive findings.

There was no scar effect found for unemployment spells of any length in any of the three countries overall or among occupational groups. Once respondents feel secure about their job tenure, the scars of previous unemployment experiences disappear. Respondents who were secure about their lasting job tenure were significantly more satisfied as hypothesis 2 predicted. The lack of unemployment scarring was a surprising finding as the literature suggests that in countries with only elemental institutional safety measures, the scarring would be especially severe.

This suggests that perhaps the lower SWS associated with previous unemployment is not due to the respondents focusing on past hardships (a retrospective focusing illusion suggested by prospect theory). Rather the lower SWS associated with past unemployment was due to the anticipatory anxiety of a “repeated event” (a prospective, sensitizing, “focusing effect”). In other words, past pits only affect present SWS if the respondent still feels threatened. This finding suggests more of a scaring than scarring effect as “scars” imply a permanent effect not found here. Once unemployment does not feature as an imminent future threat, the “scar” of past joblessness disappears. Further, longitudinal research is needed to disentangle endogeneity effects between SWS and unemployment and substantiate if the focusing illusion created by past-hardship is not rather a sensitizing scaring than a scar/ing effect.

Cross-national research would need to validate if the finding are specific to the Latin American context. The lacking scar effect in ABC could be due to work having a different role in the work-life balance, social safety nets being more pronounced or simply because previous models had failed to sufficiently account for objective as well as subjective accounts of the present security of job tenure. Further inquiry is needed into the cross-national applicability of unemployment scarring or lack thereof.²⁹

²⁹ Lastly the findings on employment security and SWS add a new, micro-data dimension to the debate in another literature on the negative effects of employment protection legislation. Cross-national research on the effects of such legislation highlights the negative effects: employment protection is argued to reduce the demand for unskilled labor in particular (Daniel and Siebert, 2004; Bentolila and Bertola, 1990) and possibly impede economic growth in general (see discussion in Buchele and Christiansen, 1999). In

The low correlation between a secure contract and feeling secure about maintaining employment as well as the strong effect of the subjective assessments of employment security shows the relevance of controlling for subjective assessments as suggested by prospect theory. To incorporate personal evaluations may be especially pertinent in cross-country studies because objective indicators may not mean the same across borders. In developing countries where formal objective indications of work characteristics such as contracts often lack *de facto* relevance capturing subjective evaluations may be especially important for explaining SWS. Though integrating subjective accounts gives rise to further endogeneity problems, these endogeneities may reflect genuine feedback loop between perceived aspects of work and SWS.

The literature on work satisfaction, perhaps due to its bias towards a Western setting, where more elemental safety provisions are in place, has paid relatively little attention to work security. The finding here suggest that adequate occupational health and safety measures strongly contribute to SWS as suggested by hypothesis 3. The loss aversion predicted by prospect theory was especially pertinent in a prospective, anticipatory constellations regarding health. Individual safe guards (health insurance) have strong effects on SWS as does institutionalized access (workplace safety committee). This suggests that both insurance mechanisms and the institutionalized possibility to voice concerns are relevant for SWS. Having somewhere to turn to voice problems may relieve participatory anxiety through a subjective sense of an “internal locus of control” (Abu Sharkh and Stephanikowa, 2009; Bandura, 1977, 1986). Physical safety of the work environment may, in many transition and developing countries, be of foremost importance. As Rose (2003) argues the extensive focus in the work satisfaction literature on intrinsic work motivation factors may have led to a psychologization of the field, resulting in a relative underestimation of the institutional framework and its positive effects. Occupational health and safety measures are win-win aspects as both employees and employers benefit from a healthy work force. These findings suggest that despite global commonalities regarding what constitutes satisfactory working conditions, empirical research is needed to highlight country specific priorities.

The *non*-emergence of the gender paradox across countries was striking. In contrast to suggestions in some of the recent literature, women were *not* found to be significantly more satisfied. When employing an ordinal probit model, as much of the SWS literature does, differences between men and women were found to be insignificant. Clark et al. (2003:10) argue that their findings may be interpreted as supporting the idea that low satisfaction predicts quitting the job for women in a Western setting. The finding here may thus

Latin America, according to Heckman and Pages (2003), regulation reducing labor market flexibility reduces the employment of marginal workers and generates inequality in the larger society. Regardless of the merit of the various arguments regarding labor market effects, these results suggest the lack of employment legislation may significantly decrease SWS (see Standing, 2002).

reflect that dissatisfied women may not be able to drop out of the labor force in ABC as readily as in wealthier countries.

To assess this self-selection hypothesis, a Heckman selection model was employed. In this model, being female was linked to being significantly *less* satisfied. One explanation of this is offered by world society theory (Meyer et al., 1997): As model of gender equity spread around the world, women should increasingly employ men as the reference group (Wotipka and Ramirez, 2008; Abu Sharkh, 2009a). As models of gender parity become entrenched, males become the reference group for females. Disparities in working conditions and pay-offs between men and women should then give rise to dissatisfaction according to prospect theory. Rather than a universal, time-invariant finding, the gender paradox may have had a limited applicability both in terms of time and place.

This finding also has two methodological implications for future research: First, it suggests that household, not enterprise, surveys are important for future research on the gender paradox. Dissatisfied women who leave the labor market will not be captured in the former. Second, it highlights the use of adequate modeling techniques to capture self-selection biases. Note, other socio-demographic factors and ascriptive characteristics played no consistent role.

When assessing the data presented here, several limitations of this study should be kept in mind. First, the effects of any external factor in determining employee satisfaction levels are confined: nature, or the so-called genetic leash, plays a role in determining satisfaction levels. Related to these set-point theories of happiness is that people adapt to circumstances. Thus the SWS between occupation groups with very different privileges does not vary widely. This also explains the relatively low r-square in the regressions.

Nonetheless, some exogenous factors significantly affect SWS levels and offer opportunities for easy improvements through social policy. If the goal of social policy is that the *greatest number of individuals are* provided with the *largest marginal* benefit, the results have pointed to possible social policy priorities lying in the area of work security and voice to enable individuals to make the most of their work satisfaction potential. There is also some evidence suggesting a positive relationship between skill development and SWS, at least for professionals.

Longitudinal data is needed to further develop such social policy recommendations for developing countries to contest with endogeneity problems prevalent in cross-sectional data. However, even in longitudinal data, “subjective” biographical retrospective accounts and assessment should be included in every panel even if captured “objectively” in previous panels. The findings presented here suggest that the impact of an objective occurrence is highly subjective in nature. Improving the data collection and research in developing countries may be worth the effort as SWS is not only an important goal in itself but exerts a tremendous influence on context-free well-being. To paraphrase Herzberg, to discover and then reinforce working conditions that render people satisfied is indeed a worth goal.

References

- Abu Sharkh, M. (1998) 'A Theoretical and Comparative Approach to the South African Women's Movement', in Bernhard v. Haar (ed.) *South Africa 1997: Empirical Approaches to a Society in Negotiation*, pp. 47-99, Berlin: Freie Universität Berlin.
- Abu Sharkh, M. (1999) 'Is the South African Women's Movement an Easy Rider?', *Sociologus* 49 (4): 21-41.
- Abu Sharkh, M. (2005) 'Is the ILO the Custodian of Happiness? Work Satisfaction and Overall Well-being', IFP/SES, ILO.
- Abu Sharkh, M. (2008) 'Optimal Global Configurations of Flexibility and Security', Working paper at the Stanford Center for International Development, Stanford: Stanford University.
- Abu Sharkh, M. (2009a) 'Cross-coupling of national and international law regarding Labour Market Discrimination against Women 1958 to 2005', Working paper at the Stanford Center for Democracy. Development and the Rule of Law, Stanford: Stanford University.
- Abu Sharkh, M. (2009b) 'Global Gender Labor Market Disparities. Proposal for the European Research Council', Unpublished.
- Abu Sharkh, M. and Standing, G. (2009) 'Work Satisfaction, Trauma and Economic Insecurity: Post-Tsunami Sri Lanka', Working paper at the Stanford Center for Democracy. Development and the Rule of Law, Stanford: Stanford University.
- Abu Sharkh, M. and Stephanikowa, Irena (2009) 'Why Workers Mobilize. Working Conditions and Activism Attitudes', Working paper at the Stanford Center for Democracy, Development and the Rule of Law, Stanford: Stanford University.
- Alessio, J. C. and Andrzejewski, J. (2000) 'Unveiling the Hidden Glass Ceiling: An Analysis of the Cohort Effect Claim', *American Sociological Review* 64: 311-315.
- Anker, R. (2002) 'People's Security Surveys: An outline of methodology and concepts', *International Labour Review* 141 (4): 309-329.
- Andersen, S. H. (2009) 'Unemployment and Subjective Well-Being: A Question of Class?', *Work and Occupations* 36 (1): 3 - 25.
- Arulampalam, W., Gregg, P. and Gregory, M. (2001) 'Introduction: Unemployment Scarring', *The Economic Journal* 111 (475): 577-584.
- Auer, P., Efendioglu, U. and Leschke, J. (2005) 'Active labour market policies around the world: Coping with the consequences of globalisation', *Working paper*, Geneva: ILO.
- Bandura, A. (1977) 'Self-efficacy: Toward a unifying theory of behavioral change', *Psychological Review* 84: 191-215.
- Bandura, A. (1986) *Social foundations of thought and action: A social cognitive theory*, Englewood Cliffs: Prentice-Hall.
- Bazerman, M.H. and Chugh, D. (2005) 'Bounded Awareness: Focusing Problems in Negotiation', in Thompson, Ed. L., *College Park, MD: Frontiers of Social Psychology: Negotiations*.
- Bentolila, S., Bertola, G. (1990) 'Firing Costs and Labour Demand: How Bad is Eurosclerosis?', *Review of Economic Studies* 57 (3): 381- 402.
- Bonnet, F., Figueiredo, J. B. and Standing, G. (2003) 'Measuring decent work: A family of decent work indexes', *International Labour Review* 142 (2): 309-329.

- Botero, J., Djankov, S., LaPortaand, R., Lopez-De-Silanes, F.C. (2004) 'The Regulation of Labour', *Quarterly Journal of Economics* 119 (4): 1339– 1382.
- Brayfield, A.H., Crockett, W.H. (1955) 'Employee Attitudes and Employee Performance', *Psychological Bulletin Volume* 52: 396-424.
- Brickman, P., Campbell, D. (1971) 'Hedonic Relativism and Planning the Good Society' in M.H. Apley (ed.), *Adaptation Level Theory: A Symposium*: 287–302, New York: Academic Press .
- Buchele, R., Christiansen, J. (1999) 'Labor relations and productivity growth in advanced capitalist economies', *Review of Radical Political Economics* 31: 87–110.
- Clark, Andrew E. and Oswald, A.J. (1996) 'Satisfaction and comparison income.', *Journal of Public Economics* 61, 359-381.
- Clark, Andrew E., Oswald, A. J. and Warr, P.B. (1996) 'Is job satisfaction U-shaped in age?', *Journal of Occupational and Organizational Psychology* 69: 57-83.
- Clark, Andrew E. (1997) 'Job satisfaction and gender: Why are women so happy at work?', *Labour Economics* 4: 341-373.
- Clark, Andrew E. (1998) 'Measures of Job Satisfaction: What Makes a Good Job? Evidence from OECD Countries', *OECD Labour Market and Social Policy Occasional Papers 34*, OECD Publishing.
- Clark, Andrew E. (1999) 'Are wages habit forming? Evidence from micro data', *Journal of Economic Behavior and Organization* 39: 179-2000.
- Clark, Andrew E., Sanfey P. (2001) 'Scarring: The psychological impact of past unemployment', *Economica* 68: 221-241.
- Clark, Andrew E., Diener, E., Georgellis, Y. and Lucas, R. E. (2003) 'Lags and Leads in Life Satisfaction: A Test of the baseline Hypothesis', *Delta Working Papers* 2003 (14), DELTA (Ecole normale supérieure).
- Clark, Andrew E., Etilé, F., Postel-Vinay, F., Senik, C. and Van der Straeten, Karine (2004) 'Heterogeneity in the reported well-being: evidence from 12 European countries', *Discussion paper* 1339, Institute for the Study of Labor.
- Clark, Andrew E. (2006) 'A note on the unhappiness and unemployment duration', *Discussion paper* 2406, Institute for the Study of Labor.
- Clark, Andrew E., Fritjers P. and Shields, M. (2007) 'Relative income, happiness and utility: an explanation for the Easterlin paradox and other puzzles', *IZA discussion paper No. 2840*.
- Clark, Andrew E., Kristensen N. and Westergaard-Nielsen, N. (2007) 'Job satisfaction and coworker wages: status or signal?', *Discussion paper* 3073, Institute for the Study of Labor.
- Cook, M. E. (1998) 'Toward flexible industrial relations? Neoliberalism, democracy and labor reform in Latin America.', *Industrial Relations* 27 (3): 311-35.
- Cronbach, L.J. (1951) 'Coefficient alpha and the internal structure of tests', *Psychometrika* 16: 297-334.

- Kirsten D., Siebert, W. (2004) 'Does Employment Protection Reduce the Demand for Unskilled Labour?', *International Economic Journal, Korean International Economic Association* 19(2): 197-222.
- Diener, E., Eunkook, Mark-Suh (1999) 'National Differences in Subjective Well-Being.', in Kahneman, D., Diener, E. and Schwarz, N. (eds.), *Well Being: The Foundations of Hedonic Psychology*, pp.434-452, New York: Russell Sage Foundation.
- Diener, E., Eunkook, Mark-Suh (2000) 'Subjective Well-Being Across Cultures.' Cambridge, MA: MIT Press.
- Easterlin, R. A. (1974) 'Does Economic Growth Improve the Human Lot?', in David, P. A. and Reder (eds.), M. W. *Nations and Households in Economic Growth: Essays in Honor of Moses Abramovit.*, New York: Academic Press.
- Fares, J., Tiongson, E. (2007) 'Youth unemployment, labor market transitions, and scarring: evidence from Bosnia and Herzegovina, 2001-04', *Policy Research Working Paper*. World Bank.
- Frederick, S., Loewenstein, G. (1999) 'Hedonic Adaptation', in Kahneman, D., Diener, E. and Schwarz, N. (eds.), *Well-Being: The Foundations of Hedonic Psychology*, pp. 302-329. New York, NY: Russell Sage Foundation.
- Freeman, R. B. (1978) 'Job satisfaction as an economic variable.', *American Economic Review, Papers and Proceedings* 68: 135-41.
- Fragher, E.B., Cass, M. and Cooper, C.L. (2005) 'The relationship between job satisfaction and health: A meta-analysis', *Occupational and Environmental Medicine* 62: 105-112.
- Gangl, M. (2006) 'Scar effects of unemployment: An assessment of institutional complementarities.', *American Sociological Review* 71, 986-1013.
- Gechman, A., Wiener, Y. (1975) 'Job involvement and satisfaction as related to mental health and personal time devoted to work', *Journal of Applied Psychology* 60: 521-523.
- George, J.M. (1989) 'Mood and absence', *Journal of Applied Psychology* 74 (2): 317-324.
- Gilljam, M., Granberg, D. (1993) 'Should we take no for an answer?', *Public Opinion Quarterly* (57): 348-357.
- Glenn, N.D, Weaver, C.N. (1981) 'The contribution of marital happiness to global happiness', *Journal of Marriage and the Family* 43 (2):161-168.
- Heckman J. J. (1976) 'The Common Structure of Statistical Models of Truncation, Sample Selection and Limited Dependent Variables and a Simple Estimator for Such Models', *Annals of Economic and Social Measurement* 5: 475-492.
- Heckman J. J. (1979) 'Sample Selection Bias as a Specification Error', *Econometrica* 47: 153-161.
- Heckman, J., Pages C. (2003) 'Law and Employment: Lessons from Latin America and The Caribbean.', *NBER Working Papers* 10129, National Bureau of Economic Research, Inc.
- Herzberg, F, Mausner, B., and Snyderman, B. (1959) *The Motivation to Work*. New York, NY: John Wiley & Sons.

- Iaffaldano, M. T., Muchinsky, P. (1985) 'Job satisfaction and job performance: A meta-analysis', *Psychological Bulletin* 97 (1): 251-273.
- International Labour Organisation (ILO) (2001) 'Programme on Socio-Economic Security. *Social Justice: A Cross-Country PSS Report.*', Geneva: ILO.
- International Labour Organisation (ILO) (2004) *Economic security for a better world*, Geneva: ILO.
- Judge, T. A., Watanabe, S. (1993) 'Another look at the job satisfaction-life satisfaction relationship', *Journal of Applied Psychology* 6: 939-948.
- Kahneman, D., Tversky, A. (1979) 'Prospect Theory: An Analysis of Decision under Risk', *Econometrica* 47 (2): 263-291.
- Kahneman, D. (1999) 'Objective Happiness', in Kahneman, D., Diener, E. and Schwarz, N. (eds.), *Well-Being: The Foundations of Hedonic Psychology*: 3-25, New York: Russell Sage Foundation.
- Kaiser, LC. (2007) 'Gender-job satisfaction difference across Europe: An indicator for labour market Modernization', *International Journal of Manpower* 28 (1): 75-94.
- Kalleberg, A. L., Loscocco, K. (1983) 'Aging, Values, and Rewards: Explaining Age Differences in Job Satisfaction', *American Social Review* 48 (1): 78-90.
- Kalleberg, A. L., Mastekaasa, A. (2001) 'Satisfied Movers, Committed Stayers: The Impact of Job Mobility on Work Attitudes in Norway.', *Work and Occupations* 28: 204.
- Kolk, B. van der, McFarlane, A. and Weisaeth, L. (2007). 'Traumatic Stress: The Effect of Overwhelming Experience on Mind', *Body and Society*. New York: Guilford.
- Knabe, A., Rätzel, S. (2008) 'Scarring or Scaring? The psychological impact of past unemployment and future unemployment risk', Faculty of Economics and Management, *Working paper* No. 13, University of Magdeburg.
- Kromrey, H. (1991) *Empirische Sozialforschung*, Opladen: Leske Verlag.
- Kubovy, M. (1999) 'On the Pleasures of the Mind', in Kahneman, D., Diener, E. and Schwarz, N. (eds.) *Well-Being: The Foundations of Hedonic Psychology*. 134-154, New York, NY: Russell Sage Foundation.
- Lavinas L., Ramos, L. (2001) 'Latin American Peoples Security Survey – Brazil, Chile and Argentina' Volume 2, ILO, Genève 33.
- Layard, R. (2005) *Happiness. Lessons from a new science*, London: Allen Lane.
- Long, S. (1997) *Regression Models for Categorical and Limited Dependent Variables*, Thousand Oaks, CA: Sage.
- Lucas, R. E., Clark, A. E., Georgellis, Y. and Diener, E. (2004) 'Unemployment Alters the Set Point for Life Satisfaction', *Psychological Science* 15: 8.
- McGee, R. (2008) *Corporate governance in developing economies country studies of Africa, Asia and Latin America*. Dordrecht: Springer.

- Meyer, J., Boli, J., Thomas, G. and Ramirez, F. (1997) 'World Society and the Nation State.' *American Journal of Sociology* (103): 144-81.
- Meyer, J. P., Becker, T.E. and Vandenberghe, C. (2004) 'Employee commitment and motivation: A conceptual analysis and integrative model.', *Journal of Applied Psychology* 89: 991-1007.
- Myers, D. G. (1992) *The pursuit of happiness*, New York: Morrow.
- Navarro, Marysa (2001) 'The Long Road to Women's Rights.', in Walter, L. (ed.) *A Global View*. 1-14, Westport: Greenwood.
- Oswald, Andrew J. (1997) 'Happiness and Economic Performance' *The Economic Journal*. 1815-1831.
- Palmore, E. (1969) 'Predicting longevity: a follow-up controlling for age', *Gerontologist* 9: 247-250.
- Pitanguy, J. (1998) 'The Women's Movement and Public Policy in Brazil' in G. Lycklama á Nijetholt, V. Vargas and S. Wieringa (eds.) *Women's Social Movements in Europe, Latin America and the Caribbean*, pp. 97-111. New York: Garland.
- Radcliff, B., Best, S, Cushow, S., and Krueger, B. (2000) *Politics, Markets, and Life Satisfaction: The Political Economy of Human Happiness in the Industrial Democracies*, Indiana: University of Notre Dame.
- Rose, M. (2003) 'Good deal, bad deal? Job satisfaction in occupations work', *Employment and Society* 17 (3): 503-530.
- Schild, V. (2002) 'New Social Citizenship in Chile' in L. Whitehead *Gender Justice, Developments, and Rights*, pp. 170-203. Oxford: Oxford.
- Schkade, D., Kahneman D. (1998) 'Does living in California make people happy? A focusing illusion in judgments of live satisfaction.', *Psychological Science* 9: 340-346.
- Siebert, H. (1997) 'Labor market rigidities: At the root of unemployment in Europe', *Journal of Economic Perspectives* 11: 37-54.
- Smith, C. A., Organ D.W and Near J. P. (1983) 'Organizational citizenship behavior: Its nature and antecedents', *Journal of Applied Psychology* 68: 653-663.
- Sousa-Poza, Alfonso, Sousa-Poza André (2000) 'Well-being at work: a cross-national analysis of the levels and determinants of job satisfaction', *Journal of Socio-Economics*, 29: 517-538.
- Sousa-Poza, Alfonso, Sousa-Poza, André (2000) 'Taking Another Look at the Gender/Job-Satisfaction Paradox' *Kyklos* 53: 135-152.
- Sousa-Poza, Alfonso, Sousa-Poza, André (2003), 'Gender differences in job satisfaction in Great Britain, 1991-2000: permanent or transitory?', *Applied Economics Letters* 10: 691-4.
- Standing, G. (1999) *Global labour flexibility: Seeking distributive justice*, London: Macmillian Press.
- Standing, G. (2002) *Beyond the new paternalism: Basic security as equality*, London: Verso.

- Stevenson, B. and Wolfers, J. (2008) 'Economic Growth and Subjective Well-Being: Reassessing the Easterlin Paradox.', Brookings Papers on Economic Activity.
- Taylor, F. W. (1911) *The Principles of Scientific Management*, New York, NY: Harper & Row.
- Uhlich, E. (2001) *Arbeits-Psychologie*, Stuttgart: Schäffer-Poeschel.
- Warr, P (1999) 'Well-Being and the Workplace.' In Kahneman, D., Diener, E. and Schwarz, N. (eds.), *Well Being: The Foundations of Hedonic, Psychology*. 392-412, New York, NY: Russell Sage Foundation.
- Weber, M. (2004) *Die protestantische Ethik und der Geist des Kapitalismus*, Kaesler, D. (ed.), München.
- Weinert, A. B. (1998) *Organisationspsychologie: Ein Lehrbuch*, Weinheim: Psychologie Verlags Union.
- World Bank (2000) *World Development Report 2000*, Washington: World Bank.
- World Bank (2006) *World Development Report 2006*, Washington: World Bank.
- Wotipka, C. M. and Ramirez, F. O. (2008.) 'World Society and Human Rights: An Event History Analysis of the Convention on the Elimination of All Forms of Discrimination against Women.' pp. 303-343, in Simmons, B. A., Dobbin, F., Garrett, G. (eds.), *The Global Diffusion of Markets and Democracy*, Cambridge: Cambridge University Press.

Table 1. Ordered probit regressions (Standardised): Overall work satisfaction in ABC

<u>Objective Variables</u>	Argentina		Brazil		Chile	
	Model 1	Model 2	Model 1	Model 2	Model 1	Model 2
<u>Income Security</u>						
Net household income during previous month (logged)	,08*	,09*	,18***	,17***	-,009	-,001
Income stability over the last two years	,15***	,11**	,04	,02	,11*	,04
<u>Voice Security</u>						
Safety committee at workplace	,17***	,16***	,11***	,09***	,18***	,11*
<u>Employment Security</u>						
Semi-permanent or permanent contract	,07	,04	-,03	-,04	,14*	,13*
<u>Job Security</u>						
Promoted in last two years	,06	,05	,11***	,11***	,22***	,17***
<u>Skill Security</u>						
On-the-job skills training received in last two years	,15***	,13***	,06*	,06*	,14*	,14**
<u>Work Security</u>						
Health insurance	,17***	,14***	,10**	,09**	-,10	-,11*
<u>Subjective Variables</u>						
<u>Voice Security</u>						
Trust in trade union organisations		,11***		,07*		,05
<u>Employment Security</u>						
Confidence in maintaining employment		,13***		,18***		,23***
<u>Labour Market Security</u>						
Skills transferability		,07*		,03		-,06
<u>Work Security</u>						
Perceived safety of work environment		,22***		,23***		,23***
<u>Socio Demographic Characteristics</u>						
Age	,02	0,3	-,08**	-,08**	,08	,08
Education	,03	-,003	-,10**	-,14***	,10	,08
Female	,002	-,02	,03	-,02	,03	,01
Married	-,02	-,01	,03	,03	-,004	,04
Protestant	-,02	-,005	-,05	-,05	,02	,05
Cut1	-1,19	,10	-1,10	,34	-1,70	-,08
Cut2	-1,12	,20	-1,03	,42	-1,45	,96
Cut3	-1,06	,54	-,94	,52	-1,30	1,24
Cut4	-,81	,66	-,76	,73	-1,20	1,54
Wald Chi-Sq (12/16df)	147,49***	249,71***	120,18***	245,86***	101,56***	162,33***

* Statistically significant at p<,05

** Statistically significant at p<,01

*** Statistically significant at p<,001

Data: People's Security Surveys, 2001, Argentina, N=635, N=588; Brazil, N=1175, N=1175; Chile, N=401, N=339

Table 2. Ordered probit regressions (Standardised) for professionals and unskilled in Brazil:
Overall work satisfaction in ABC

<u>Objective Variables</u>	Professionals		Unskilled	
	Model 1	Model 2	Model 1	Model 2
<u>Income Security</u>				
Net household income during previous month (logged)	-.01	-.05	.30	.20
Income stability over the last two years	-.85***	-.65**	-.09	-.20
<u>Voice Security</u>				
Safety committee at workplace	-.08	-.13	.16	.08
<u>Employment Security</u>				
Semi-permanent contract	.35	.15	.24	.21
<u>Job Security</u>				
Promoted in last two years	.25	.18	.36***	.26*
<u>Skill Security</u>				
On-the-job skills training received in last two years	.58***	.51***	.08	.07
<u>Work Security</u>				
Health insurance	.18	.09	.08	.09
<u>Subjective Variables</u>				
<u>Voice Security</u>				
Trust in trade union organisations		.00		-.05
<u>Employment Security</u>				
Confidence in maintaining employment		.49*		.38***
<u>Labour Market Security</u>				
Skills transferability		.19		.15
<u>Work Security</u>				
Perceived safety of work environment		.24		.33***
<u>Socio Demographic Characteristics</u>				
Age	.09	.06	-.03	-.04
Education	-.47	-.27	.05	-.006
Female	-.14	-.15	.03	-.02
Married	-.04	.10	-.01	.10
Protestant	-.40	-.30	-.27*	-.26**
Cut1	-3.90	-1.57	-.49	.66
Cut2	-3.29	-1.10	-.39	.99
Cut3	-2.80	-.45	.07	1.26
Cut4	-2.72	-.36	.11	1.48
Wald Chi-Sq (11/16 df)	53.81***	52.84***	38.11***	61.46***

* Statistically significant at $p < .05$

** Statistically significant at $p < .01$

*** Statistically significant at $p < .001$

Data: People's Security Surveys, 2001. Brazil for Professionals, N=88, N=86; Brazil for Unskilled, N=231, N=217

Table 3. Heckman selection model: Overall work satisfaction in ABC

<u>Objective Variables</u>	Argentina		Brazil		Chile	
	Model 1	Model 2	Model 1	Model 2	Model 1	Model 2
<u>Income Security</u>						
Net household income during previous month (logged)	.03*	.03*	.13***	.11***	-.005	-.004
Income stability over the last two years	.21***	.14**	.11	.08	.18*	.07
<u>Voice Security</u>						
Safety committee at workplace	.21***	.21***	.15***	.13***	.25***	.16*
<u>Employment Security</u>						
Semi-permanent contract	.09	.06	-.10	-.11	.24**	.22*
<u>Job Security</u>						
Promoted in last two years	.11	.09	.20***	.19***	.40***	.30***
<u>Skill Security</u>						
On-the-job skills training received in last two years	.21***	.16***	.07	.05	.23***	.21***
<u>Work Security</u>						
Health insurance	.26***	.21***	.14*	.12*	-.18	-.21*
<u>Subjective Variables</u>						
<u>Voice Security</u>						
Trust in trade union organisations		.06***		.04**		.03
<u>Employment Security</u>						
Confidence in maintaining employment		.06**		.10***		.15***
<u>Labour Market Security</u>						
Skills transferability		.12*		.06		-.06
<u>Work Security</u>						
Perceived safety of work environment		.15***		.16***		.16***
<u>Socio Demographic Characteristics</u>						
Age	.003	.005*	.003*	.003	.01***	.01***
Education	.19***	.20***	.16***	.16***	.21***	.24***
Female	-.38***	-.40***	-.55***	-.55***	-.82***	-.88***
Married	-.01	.009	.03	.05	.03	.09
Protestant	-.04	-.02	-.07	-.08	.008	.11
Wald Chi-Sq (9/13 df)	135.86***	224.33***	115.74***	274.36***	92.79***	169.79***

* Statistically significant at p<.05

** Statistically significant at p<.01

*** Statistically significant at p<.001

Data: People's Security Surveys, 2001. Argentina, N=2328, N=2281; Brazil, N=3186, N=3151; Chile, N=1014, N=952

Appendix What it takes to be satisfied at work

Table 1, Summary of descriptive statistics: Work Satisfaction from very dissatisfied (1) to very satisfied (5) in 2001

Variables	Argentina			Brazil			Chile		
	N	Mean	Std. Dev.	N	Mean	Std. Dev.	N	Mean	Std. Dev.
Work Satisfaction with regarding									
Overall	1197	3,17	,74	2021	3,20	,72	574	3,34	,72
Income	1491	2,75	1,08	2292	2,83	1,10	607	2,95	1,05
Benefits	1432	2,61	1,203	2147	2,63	1,11	585	2,84	1,12
Nature of work	1488	3,61	,97	2282	3,67	,95	606	3,77	,89
Extent of autonomy	1457	3,61	1,00	2273	3,55	,98	607	3,71	,92
Opportunity for improving skills	1393	3,12	1,13	2257	3,24	1,08	607	3,27	1,04
Opportunity for promotion	1270	2,83	1,14	2115	2,80	1,13	603	3,13	1,06
Work environment	1469	3,73	,93	2279	3,75	,91	606	3,80	,91

Data: People's Security Surveys, 2001, Some variables contain missing responses, Argentina: maximum N=2920, minimum N=1197; Brazil: maximum N=4000, minimum N=2021; Chile: maximum N=1188, minimum N=574 [Satisfaction questions only directed at employees],

Table 2, Summary of descriptive statistics by occupation for overall work satisfaction and nature of work in 2001

	N	Argentina			N	Brazil			N	Chile		
		Min	Max	Weighted Mean (Std. Dev.)		Min	Max	Weighted Mean (Std. Dev.)		Min	Max	Weighted Mean (Std. Dev.)
Professionals												
Overall work satisfaction	65	2	4,86	3,54 (,62)	133	1	5	3,37 (,76)	100	1,14	5	3,36 (,73)
Satisfaction with nature of work	80	2	5	4,18 (,67)	148	1	5	4,03 (,81)	106	1	5	3,79 (,89)
Unskilled												
Overall work satisfaction	230	1	4,86	2,87 (,81)	453	1	5	2,96 (,76)	59	1,71	5	3,00 (,73)
Satisfaction with nature of work	279	1	5	3,22 (1,09)	517	1	5	3,31 (1,04)	63	1	5	3,25 (,98)

Data: People's Security Surveys, 2001,

Appendix What it takes to be satisfied at work

Table 3, Summary of descriptive statistics: Independent Variables in 2001

Variables	Argentina					Brazil					Chile					
	N	Mean	Std. Dev.	Min	Max	N	Mean	Std. Dev.	Min	Max	N	Mean	Std. Dev.	Min	Max	
Objective Variables																
Income Security																
Net household income during previous month (logged)	2906	7,98	2,47	2,30	11,51	2121	6,10	,89	2,30	10,46	1187	10,26	3,67	4,34	15,42	
Income stability over the last two years	1506	,45	,50	0	1	1400	,74	,44	0	1	632	,68	,47	0	1	
Voice Security																
Safety committee at workplace	855	,40	,49	0	1	1458	,49	,50	0	1	478	,46	,50	0	1	
Employment Security																
Semi-permanent contract	766	,72	,45	0	1	1388	,78	,42	0	1	428	,73	,44	0	1	
Job Security																
Promoted in last two years	764	,19	,39	0	1	1380	,18	,38	0	1	433	,16	,36	0	1	
Skill Security																
On the jobs skills training received in past two years	2881	,33	,47	0	1	3988	,32	,47	0	1	1162	,30	,46	0	1	
Work Security																
Health insurance	771	,67	,47	0	1	1364	,61	,49	0	1	440	,80	,40	0	1	
Subjective Variables																
Voice Security																
Trust in trade union organizations	2757	2,03	1,36	1	5	3791	3,16	1,45	1	5	1037	3,35	1,30	1	5	
Employment Security																
Confidence in maintaining employment	1467	3,24	3,24	1	5	2306	3,44	1,13	1	5	613	3,61	1,07	1	5	
Labour Market Security																
Skills transferability	1485	0,76	0,76	0	1	2298	0,73	0,44	0	1	558	1,87	0,68	1	3	
Work Security																
Perceived safety of work environment	1497	3,46	3,46	1	5	2309	3,58	0,99	1	5	624	3,58	1	1	5	
Socio Demographic Characteristics																
Age	2920	36,27	14,28	15	64	4000	34,76	13,38	15	65	1184	36,42	14,05	15	69	
Education	2873	4,6	1,43	1	8	3995	3,68	1,62	1	8	1187	4,97	1,45	1	8	
Female	2920	,52	,50	0	1	4000	,54	,50	0	1	1188	,50	,50	0	1	
Married	2909	,48	,50	0	1	4000	,48	,50	0	1	1185	,44	,50	0	1	
Protestant	2919	,05	,21	0	1	4000	,18	,39	0	1	1188	,077	,27	0	1	

Data: People's Security Surveys, 2001, Some variables contain missing responses, Argentina: maximum N=2920, minimum N=1197; Brazil: maximum N=4000, minimum N=2021; Chile: maximum N=1188, minimum N=574 [Satisfaction questions only directed at employee