



SELF-EMPLOYMENT AND JOB SATISFACTION: A COMPARATIVE STUDY

Karan Kumar Dusad

Research Scholar, Veer Bahadur Singh Purvanchal University, Jaunpur

Dr. S P Singh

Head of Department Commerce and Management Studies, AHIR College, Rewari

Abstract

Self-employment has emerged as a significant alternative to wage employment, particularly in the context of changing labor markets, technological advancement, and the growing emphasis on entrepreneurial initiatives. Job satisfaction is a crucial indicator of individual well-being and productivity, influencing career choices and economic outcomes. This comparative study examines the level of job satisfaction among self-employed individuals and salaried employees, focusing on key dimensions such as autonomy, income stability, work-life balance, job security, and personal fulfillment. Using primary and secondary data, the study analyzes differences in satisfaction levels across the two groups and identifies the socio-economic and psychological factors that shape their work experiences. The findings suggest that self-employed individuals generally report higher satisfaction in terms of autonomy, flexibility, and sense of achievement, while salaried employees tend to experience greater satisfaction with income security, social benefits, and reduced financial risk. However, challenges such as income uncertainty, long working hours, and lack of social protection moderate overall satisfaction among the self-employed. The study concludes that job satisfaction is a multidimensional concept influenced not only by employment status but also by individual expectations, risk tolerance, and institutional support systems. The paper highlights the need for supportive policies to enhance job satisfaction for both self-employed and salaried workers in a rapidly evolving employment landscape.

Key Words: job satisfaction, self-employment, small firm, job dimensions, autonomy at work.

Introduction

In recent decades, the structure of employment has undergone significant transformation due to globalization, technological advancement, changing organizational practices, and evolving individual career aspirations. One of the most notable shifts has been the growing inclination towards self-employment as an alternative to traditional wage or salaried employment. Self-employment, encompassing entrepreneurship, freelancing, and own-account work, is increasingly viewed not only as a means of income generation but also as a pathway to autonomy, creativity, and personal fulfillment. At the same time, salaried employment continues to remain the dominant form of work for a large segment of the workforce, offering relatively stable income, social security, and structured career progression. Job satisfaction is a central concept in labor economics, organizational behavior, and industrial psychology, as it reflects the extent to which individuals feel content and fulfilled with their

work. It influences employee motivation, productivity, mental well-being, and overall quality of life. High levels of job satisfaction are associated with better performance, lower turnover, and improved social outcomes, whereas dissatisfaction can lead to stress, burnout, and reduced efficiency. Consequently, understanding the determinants of job satisfaction across different forms of employment has become an important area of academic and policy-oriented research. The nature of self-employment and salaried employment differs substantially in terms of work autonomy, income stability, risk exposure, working hours, and social protection. Self-employed individuals often enjoy greater control over their work processes, decision-making, and time management, which can enhance intrinsic motivation and satisfaction. However, they also face challenges such as income uncertainty, market competition, lack of employment benefits, and higher levels of responsibility and stress. In contrast, salaried employees typically benefit from regular income, job security, and access to organizational support and welfare measures, but may experience limited autonomy, rigid work schedules, and hierarchical constraints. Against this backdrop, a comparative analysis of job satisfaction between self-employed individuals and salaried workers becomes particularly relevant. Such a comparison helps in identifying how different employment arrangements shape work-related attitudes and well-being. Moreover, in developing economies like India, where self-employment constitutes a substantial share of total employment and is often driven by both opportunity and necessity, examining job satisfaction across employment types can provide valuable insights for labor market policies and entrepreneurial support programs. This study aims to examine and compare the levels of job satisfaction among self-employed and salaried individuals by analyzing various economic, social, and psychological dimensions. By doing so, it seeks to contribute to a deeper understanding of how employment status influences job satisfaction and to offer insights that may assist policymakers, employers, and individuals in making informed career and policy decisions.

According to the Procedural utility theory

Compared to salaried workers, self-employed people report higher levels of job satisfaction (e.g., Bianchi, 2012, Blanchflower, 2000, Blanchflower and Oswald, 1998). According to Bianchi (2012), the utility disparities between the two groups are influenced by non-pecuniary aspects of job satisfaction, particularly independence. Closely related to these results is procedural utility theory, which explains that people aren't satisfied just by the results but also by the process that leads to those results (Benz and Frey, 2004, Benz and Frey, 2008). The survey inquiries about respondents' levels of job satisfaction and, as aspects of procedural utility theory, their subjective assessments of the significance of autonomy and creativity.

Is well-known for being complex and adept at multitasking, particularly in India. The World Bank's labor force research indicates that most architects in India work as self-employed professionals; however, the precise figure is not known. Research on the working population shows that, on average, self-employed people are happier in their jobs than their directly employed coworkers (Bradley and Roberts, 2004). There is less red tape, greater flexibility in setting one's own hours, and higher levels of job satisfaction for self-employed people (Hughes, 2003; Anderson, 2008). However, according to D'Souza (2003), self-employed people may experience insecure employment. For self-employed individuals, job insecurity is a huge worry that can disrupt their work-life balance and impact their family's emotional well-being.

Self-Employment and Job Satisfaction:

A Few Prior Discoveries In his review of prior theories on the topic, Super (1953, p. 190) made the observation that "work satisfaction and life satisfaction depend upon the extent to which the individual finds adequate outlets for his abilities, interests, personality traits, and values." This line of thinking suggests that certain personal characteristics are linked to job satisfaction. "There is the will to conquer; the impulse to fight, to prove oneself superior to others, to succeed for the sake, not of the fruit of success, but of success itself." (Schumpeter, 1934, p.93) This statement seems to echo the values and characteristics held by entrepreneurs. Since then, a plethora of research have attempted to delve into the particular traits of those who go into self-employment. Success and achievement motivation, relatively low risk aversion, independence, autonomy, and the ability to influence organizational events are prominent attributes of entrepreneurs. This extensive literature has identified a plethora of personal traits, but there seems to be a broad consensus on this matter.

Many studies have found that entrepreneurs have certain personality traits, such as optimism, confidence, creativity, and innovative tendencies. These traits are in line with the public's perception of entrepreneurs and the Schumpeter model of entrepreneurs as daring and imaginative creators.⁴ When looking at the relationship between self-employment and job satisfaction, several studies have shown that independent contractors report more happiness in their work lives than their paid, employer-dependent counterparts. Finding particular explanatory elements, however, has a lesser literature base. Most economists seem to agree with the above statement that self-employment is associated with more happiness in the workplace because of the increased discretion and independence that comes with being an entrepreneur. According to Benz and Frey (2008a, p. 362), people benefit from being self-employed because it gives them more flexibility and control over their own lives. On the other hand, those who work for someone else and are reliant on them must follow the directions of their bosses.

Bradley and Roberts (2004) demonstrate that self-employed people tend to have lower rates of depression, which is a valuable predictor of greater levels of work satisfaction. This finding goes beyond the economics debate. This result agrees with studies on subjective well-being in general, which show a substantial correlation between happiness and psychological health (Wheaton, 1990; Thomas and Gangster, 1995). According to Cooper and Artz (1995), an entrepreneur's happiness is positively impacted by their optimism levels. This supports Blanchflower and Oswald's observation that "self-employed people may be intrinsically more optimistic and cheerful than others" (Blanchflower and Oswald 1998, p. 49). According to Berings et al. (2004), there is a high correlation between outcome factors like job satisfaction and workers' motivation and entrepreneurial processes and preferences.

Literature Review

When looking at how self-employment affects happiness on the work, Blanchflower is the author most often quoted. According to his findings (Blanchflower, 2004), self-employed people in the US and most European nations report more happiness in their jobs than any other kind of employee. Aside from being happier with their pay and job description, his study found that European self-employed people were the least happy with their work schedules compared to other types of employment. According to research by Benz and Frey (2008, 2003), self-employed people report much higher levels of work satisfaction compared to their employed counterparts.

They utilized information culled from the 1997 International Social Survey Program, which surveyed 16,000 people in 23 nations throughout Western Europe, North America, and Eastern Europe, to back up their claims. All nations except New Zealand indicated higher levels of self-employed job satisfaction. In addition, studies have shown that across all nations, self-employed people report better levels of job satisfaction when they have more control over their workdays. Also, contrary to what workers believe, self-employed people really find their work fascinating.

Based on his research, Hundley (2001) established that self-employed people report higher levels of job satisfaction compared to employees in organizations. He also found that self-employed people reported slightly higher levels of job satisfaction compared to managers and certain professions (such as dentists, veterinary doctors, lawyers, architects, geodesists, and civil engineers) where workers have more freedom and opportunities to apply their skills. Greater work variety and greater autonomy in task completion are the two primary factors that contribute to improved job satisfaction among self-employed people. Research conducted by Parasumaran and Simmers (2001) indicates that self-employed individuals have more control over their work schedules and enjoy more job involvement and satisfaction than their organization-employed counterparts. However, they also report higher levels of work-family conflict and lower family satisfaction. Not only have Prottas and Thompson (2006) shown that self-employed persons report more job satisfaction as a result of more freedom to make their own decisions, but they have also demonstrated that this is true for independent contractors. According to research by Millan, Hessels, Thurik, and Aguado (2013), self-employed people are happier with their work itself but less content with their job security. The data also demonstrate that self-employed individuals with workers report greater levels of job satisfaction compared to those without employees.

The presence of a greater degree of work satisfaction among the self-employed compared to other employees has been validated by Lange (2012) using data from the 2006 European Social Survey (ESS). After looking at the numbers more closely, he came to the conclusion that the self-employed were happier overall because they had more freedom and control over their workdays. Numerous writers have verified in their research that self-employed people are happier with their jobs than workers. This includes Arum and Müller (2004), Bradley and Roberts (2004), Vandenheuvel and Wooden (1997), and Hanglberger and Merz (2015), among others. According to the studies cited, self-employed people report more happiness in their work lives than employees do. One of the key reasons self-employed people report higher levels of job satisfaction is the level of autonomy they have in their work.

Objective

1. To the relationship between self-employment and job satisfaction
2. Values and personality traits are considered less likely to explain the utility difference between self-employed and salaried workers

Research Methodology

Fifteen different businesses contributed 127 respondents to the study on employee and self-employed work satisfaction. Half of the people who filled out the survey are self-employed; they run their own small businesses and are responsible for a variety of tasks related to running the company, including management and ownership. Employees of the businesses

owned by the first set of respondents make up the remaining 75 respondents. Companies that participated in the study had an average of 10 workers. In more than a quarter of the companies that are part of this sample, the proprietors are either spouses or other members of the same family (parents, siblings). Included in the sample are a wide variety of businesses from various industries. These include: PVCu and aluminum door and window manufacturers, firms that make internal and external safety doors, restaurants, accounting firms, beauty salons, grocery stores, private kindergartens, speech therapy centers, companies that trade office supplies, bakeries, fast food joints, companies that deal in secondary materials, and schools for foreign language acquisition. There are 55.9% females and 44.1% males in the sample. Of those who took the survey, 59.1% are married and 30% are unmarried.

Everyone else is either single or has just ended a marriage. The majority of respondents (96.5%) have been with the company for 6 to 10 years. Among those who have been with the company for 2 to 5 years, 29.1% are part of that group, while 16.5% have been with the company for less than 2 years. The percentage of respondents with a high school graduation is 41.7%, with 29.9% holding a bachelor's degree and 15.7% holding an associate's degree. During the months of April through July 2017, researchers visited businesses in Belgrade, Novi Sad, Kragujevac, and Novi Pazar. It is clear that the sample includes not only Belgrade but also major cities in Vojvodina, Central Serbia, and Southern Serbia. We have chosen businesses whose owners consented to take part of the study, and our decision was based on the availability criteria.

Small enterprises, start-ups, and family businesses were the ones chosen based on how relevant it was to them. Respondents' demographic information (gender, age, marital status, job, length of service, education level, and pay) is collected in the second section of the survey. For both the significance and satisfaction judgments, the tool demonstrated a high level of reliability. The importance ratings had a Cronbach's alpha coefficient of 0.961, while the satisfaction assessment had a value of 0.968.

Based on the respondent's primary occupation, we may determine their employment status: How would you characterize your present work position on the whole? (Already retired, working, or self-employed (including in the family company), seeking employment, permanently ill or handicapped, staying at home to care for a loved one, or some other category (such as a student, a renter, or someone performing volunteer work)). If they say "employed or self-employed," the next question is: Is your primary occupation that of an employee or a sole proprietor? helps us differentiate between the two types of job. The work satisfaction equations employ the same personal and job factors as the earlier research.

Statistical analysis

We use the theoretical framework of Clark and Oswald (1996), which is based on the notion of the individual's utility from working, to evaluate the factors that contribute to job satisfaction for both non-disabled (N) and handicapped (D) persons.

$$U_j = F(r, h, i, w) \quad j = N, D$$

where i is a collection of variables measuring the person's attributes and w is a set of variables measuring the job's qualities, and U_j is the utility of the individual as a function of income (r) and hours of labor (h). In the past, many models have been used to estimate this utility function by focusing on satisfaction, specifically job satisfaction, as a proxy. In order to account for any unobserved individual effects, we have estimated the following GLS random-effects model on job satisfaction independently for each group (Baltagi and Song 2006)

$$y_{it} = \beta_j X_{it} + u_i + e_{it}$$

the residual disturbance, u_i , is the unobservable person-specific random effect, γ_j is the vector of coefficients to be estimated, X is the vector of individual and job attributes at time t , and y is the job satisfaction of individual i in each group. Characteristics like intellect, optimism/pessimism, introversion/extroversion, and other intangible traits that vary from person to person are reflected in these individual-specific effects. Because of the significance of controlling for individual-specific effects, psychologists have discovered that personality accounts for as much as 70–80% of subjective well-being. A pooled sample was used for each group in 2004 and 2007 to acquire all of the calculated coefficients.

Result

A Review of the Findings The study's overarching goal is to find out if employees and self-employed people report different levels of work satisfaction. Additionally, we want to find out which aspects of the job are significantly different for employees and self-employed people in terms of how satisfied they are with their lives. The findings of the statistical significance tests for the differences in overall work satisfaction between employees and self-employed people are shown in Table 1.

Table 1: Differences between the self-employed and employees in general job satisfaction

	Respondents	No. of respondents	Arithmetic mean	Standard deviation	t-statistic	Significance
General job satisfaction	Self-employed	52	4.17	0.834	2.392	0.018*
	Employees	75	3.81	0.833		

Source: Author's calculation

Significance level: 0.05

Evident from the t-statistic (2.392), which is statistically significant at the level of 0.05 ($p < 0.05$), there is a noticeable disparity between the two groups of respondents when it comes to assessing overall work satisfaction, according to the data shown in Table 1. Total work satisfaction among self-employed people is greater than that of employees, proving the validity of the concept. On average, workers get a 3.81 out of 5, while self-employed people get a 4.17.

The significance of each aspect of a work to both employees and self-employed people is a key component in the equation for job happiness, according to Locke's thesis (1976, 1969). So, we'll start by comparing the expectations of workers and self-employed people in terms of their jobs, and we'll see whether there are any major disparities.

Table 2: Differences between the self-employed and employees in satisfaction with different job dimensions

Job dimensions	Respondents	Arithmetic mean	Standard deviation	t-statistic	Significance
Job security	Self-employed	4.17	1.004	1.609	0.110
	Employees	3.88	1.013		
Amount of salary	Self-employed	4.06	.916	3.099	0.002*
	Employees	3.52	.991		
Colleague support	Self-employed	4.23	.942	2.229	0.028*
	Employees	3.81	1.099		

Personal responsibility in task completion	Self-employed	4.44	.639	1.892	0.061
	Employees	4.17	.876		
Possibilities for professional development	Self-employed	3.96	.862	3.847	0.000*
	Employees	3.25	1.116		
Challenging and interesting job	Self-employed	4.12	.839	2.830	0.005*
	Employees	3.60	1.115		
Friendly atmosphere	Self-employed	4.46	.699	3.359	0.001*
	Employees	3.80	1.294		
Company's public image and reputation	Self-employed	4.21	.776	2.166	0.032*
	Employees	3.87	.949		
Work that does not require overtime	Self-employed	3.56	.998	-0.639	0.524
	Employees	3.69	1.284		
Safe working conditions	Self-employed	4.58	.750	1.778	0.078
	Employees	4.31	.900		
Absence of tension and pressure at work	Self-employed	3.90	1.192	1.849	0.067
	Employees	3.49	1.256		
Autonomy at work	Self-employed	4.27	.843	3.525	0.001*

Research has shown that self-employed people are happiest when their jobs are secure, their coworkers are nice, and they are responsible for their own work. On the other hand, they are least happy when their jobs don't demand overtime, when there is no stress or pressure, and when there is room for advancement in their careers. Contrarily, workers report higher levels of satisfaction with job security, personal responsibility in completing tasks, and a safe work environment, and lower levels of satisfaction with salary, opportunities for professional development, and a lack of stress and pressure on the job.

Discussion

Building on earlier findings, this study aims to confirm or refute the hypothesis that self-employed people report lower levels of work satisfaction than employees. According to the poll, self-employed people are more likely to be satisfied with their jobs overall than workers are. This disparity is statistically significant. This was anticipated, considering that parallel studies in almost every country across the globe reached the same conclusion (Blanchflower, 2004; Benz & Frey, 2008, 2003; Hundley, 2001; Millan, Hessels, Thurik, & Aguado, 2013). Despite the many compromises that come with being "one's own boss," this study found that workers reported much higher levels of job satisfaction when working for themselves rather than for an employer.

A statistically significant difference in job satisfaction level has been observed in as many as six job dimensions, and the results show that the self-employed are in every case more satisfied with their jobs than the employees, when it comes to differences in satisfaction with individual job dimensions. In contrast, there was no indicator of work satisfaction that was higher among employees than among business owners. Working for oneself has several advantages, including more control over one's schedule, more interesting and difficult work, a competitive wage, supportive coworkers, a positive work environment, a positive public perception of one's firm, and chances for career advancement. Regardless of how much this matters to them, business owners enjoy an unprecedented amount of control over their workdays compared to any employee. This research adds to the growing body of evidence suggesting the self-employed have more freedom in their work lives than traditional workers do (Benz & Frey, 2008, 2003; Hundley, 2001; Protas & Thompson, 2006; Parasumaran & Simmers, 2001). Hence, it's not surprising that self-employed people report higher levels of work satisfaction in this area compared to employees, even if neither group places a premium on it. It should come as no surprise that self-employed people report higher levels of job satisfaction compared to employees when it comes to demanding and exciting work. Just by deciding to launch a business in a certain field, it's safe to assume that they find that line of work fascinating. Another factor is the owner's ability to choose his or her own work responsibilities inside the company.

The reason why self-employed people are more satisfied with their lives financially compared to workers is rather clear. The amicable work environment and high levels of satisfaction among self-employed workers may be attributed to the unique dynamics between business owners and their staff. Employees avoid arguing with the owner for the same reason they would avoid arguing with coworkers: because they rely on the owner. Furthermore, owners sometimes have an erroneous impression of the culture of their company since they are unaware of the disagreements that arise between personnel. Finally, the findings might be explained by the fact that, in contrast to workers, self-employed people exhibit a positive link between the personality qualities of "agreeableness" and "conscientiousness" and their level of job satisfaction (Berglund, Sevä & Strandh, 2016). When it comes to the public's perception of their company, business owners put in much more time and effort than their employees do; thus, they get greater personal gratification from the company's success in this area than their workers do. The possibility for professional development and progress is another feature that the self-employed report being more content with, from an astatistically significant standpoint. It remains obvious that the proprietors of the company have somewhat more opportunities and room for career advancement than their workers.

Conclusions

Prior studies have consistently shown that self-employed people report more work satisfaction than their employed counterparts. Reiterating the original question, this study set out to determine if this is really the case and, more specifically, whether it is also applicable to Serbia. As a result, we polled 127 people throughout Serbia, including those who work for themselves and those who work for small enterprises. In this survey, we asked people to score 12 aspects of their jobs and how satisfied they were with each. This finding is in line with previous studies showing that self-employed people report greater levels of overall work satisfaction than employees. Moreover, when broken down by work characteristics, there are six out of twelve areas where self-employed people and employees report significantly different levels of job satisfaction. Compared to workers, self-employed people report more happiness in their work lives across all of these categories. The reliability and generalizability of the findings are diminished to a certain degree due to the substantial constraints of this study. The research approach is the main source of the restrictions. First and foremost, the sample is not typical of Serbia as a whole because of how the companies and respondents were chosen. Consequently, we cannot say that the study findings are applicable to the whole country. Secondly, the reliability and

validity of the questionnaire employed in this study could not be fully established since it was specifically created for this purpose. Lastly, there has been no control for the effect of independent factors such as gender, age, education level, and most importantly, wage on the judgments of the significance of and satisfaction with particular components of work satisfaction by either employees or self-employed people. Therefore, future research should use a larger and more representative sample, administer the same reliable questionnaire to both employees and self-employed people, and control for various independent variables that could explain why these two groups report different levels of job satisfaction.

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