

# **Being the Boss and Working for a Boss: A Comparative Analysis of Job and Life Satisfaction Between Business Owners and Employees**

**Justin B. Craig\*, Michael Schaper\*, and Clay Dibrell**

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## **Abstract**

Comparatively, very little of the Household Income and Labour Dynamics (HILDA) data set has been used to analyse the activities of Australian small business owner-operators, even though there are currently some 1.8 million small firms in existence. Using multiple waves of the HILDA survey, in this paper we investigate two important research questions related to life in a small business in Australia. Question one seeks to uncover differences between small business respondents and employees of private sector firms, by examining issues related to (i) life satisfaction, (ii) job satisfaction, (iii) individual priorities, (iv) perceived prosperity, (v) risk preferences, and (vi) individual health (general health, vitality, social functioning, emotional well-being, mental health). The second question then examines whether the factors that contribute to life satisfaction are different for the self-employed and the employee groups. Our principal findings are that the level of satisfaction between the self-employed and employee groups does differ significantly, and that the self-employed are more satisfied with their lives and their jobs than their employee counterparts.

\*Associate Professor of Entrepreneurship and Family Business, Co-Director, Australian Centre for Family Business, *Bond University* [jcraig@bond.edu.au](mailto:jcraig@bond.edu.au)

\*Dean, *Murdoch University Business School*, [m.schaper@murdoch.edu.au](mailto:m.schaper@murdoch.edu.au)

Associate Professor of Strategic Management *Oregon State University*; Research Fellow, Australian Centre for Family Business, *Bond University* [dibrellc@bus.oregonstate.edu](mailto:dibrellc@bus.oregonstate.edu)

## Being the Boss and Working for a Boss: Upsides and Downsides

### Introduction

For many people, the opportunity to own and operate their own business is seen as the chance to realize one or more of a number of different opportunities: either to gain financial independence, work with family, or to focus on lifestyle aspirations. Such business operators are a significant group in any population. Estimates suggest that approximately 10% of all adult Australians are involved in running a small business venture. This involvement also influences individual well-being. However, although extensive research has been devoted to individual well-being in general, there is a dearth of studies that have investigated the impact of business ownership upon individual well-being.

This paper attempts to address that gap by comparing the subjective well-being of a sample of Australian small business owners with a sample of private sector employees. Specifically, using multiple waves of the Household, Income and Labour Dynamics in Australia (HILDA) survey, we investigate two important research questions related to life in a small business in Australia. Question one looks to uncover differences between small business respondents with those respondents who are employees of private sector firms on issues related to well-being: (i) life satisfaction, (ii) job satisfaction, (iii) individual priorities, (iv) perceived prosperity, (v) risk preferences, and (vi) individual health (general health, vitality, social functioning, emotional well-being, mental health). The second question is a follow-up question that examines the factors that contribute to life satisfaction for both the self-employed and employee groups.

The results we report in this exploratory research contribute to the literature by introducing the notion of business involvement as a significant issue in the extant discussion of individual well-being. This is an important extension, since, though business involvement has been demonstrated as having psychological and economic benefits, links between business involvement and well-being have not been extensively studied by scholars from any discipline.

We proceed as follows. In the next section the relevant literature related to small business and well-being is canvassed. Then, details of the dataset are presented along with a description of the dependent, independent, and control variables. Results are then tabled. Finally, the discussion section provides the implications from this research and the limitations of the paper and opportunities for further research are presented.

### Literature

#### Small Business in Australia

The concept of “small business” is a frequently-used, but often poorly understood, term in much economic and social debate, even though they are the most common form of business enterprise across the globe. Although there is no one universally-agreed definition of the concept, two key characteristics separate a small-scale business enterprise from its larger counterparts and from public sector and non-profit organizations. The first criterion is the scale of the enterprise. Relative to other economic units, a small business has fewer employees, lower turnover, a smaller product range, limited geographical presence, a more limited asset base, and a smaller market share than its larger counterparts (Australian Bureau of Statistics, 2000).

A more intangible, but perhaps more important, aspect is the qualitative aspects of small business. In contrast to other enterprises, a defining characteristic of all *bona fide* small firms are that they are independently owned and operated – in other words, the business does not constitute part of a larger corporation, nor is it effectively controlled by another firm. Instead, it is founded, managed and owned by the owners. These individuals take the responsibility of developing the business, fund the venture, bear the associated risks if it fails (such as potential bankruptcy), take most of its profits, and are the main decision-makers (Bolton Report, 1971). Most of the critical decisions are made by one or two people, since the firm is rarely big enough to support a group of professional specialists in areas such as marketing, administration, finance or logistics (Schaper & Volery, 2007).

In Australia, the most common definition of a small business (sometimes also referred to as a small- or medium-sized enterprise, or SME) is that adopted by the Australian Bureau of Statistics (ABS), which uses a combination of both qualitative and quantitative measures. A small business is a private-sector business entity that is independently owned (that is, not a subsidiary or wholly-owned part of a larger organisation) and managed by an individual or a small number of persons, employing less than twenty staff (ABS, 2000).

As Table 1 below indicates, small firms represent the vast majority of all business enterprises in existence in Australia today. This national pattern is not unique to Australia: a similar trend exists throughout the rest of the OECD, with small and micro-sized firms accounting for more than 90% of all enterprises in each member

economy (Schaper, 2006).

**Table 1: Distribution of Australia’s Private Sector Firms By Size, June 2006<sup>1</sup>**

<b>Sector</b>	<b>Size</b>
Small & micro (0-19 staff; includes self-employed)	1,877,895 (95.6%)
Medium-sized (20-199 employees)	80,215 (4.1%)
Large (200+ staff)	5,797 (0.3%)
<b>Total</b>	<b>1,963,907</b>

Individuals choose to become the owner-manager of their own business enterprise for a variety of reasons. One is a desire for autonomy – the need to exercise workplace independence, and to assume full control of one’s own working conditions and outcomes. A common expression in the Australian context is the desire to “be your own boss,” a term that is often referred to as “the second great Australian dream” after home ownership. Another is the perceived need for financial independence. Many individuals see business ownership as an opportunity to build greater wealth than might ever be achieved whilst simply drawing down a regular wage or salary. They also often have the desire to create an income that is not dependent upon salaried employment in a larger organisation. A third motivator is the wish to build a family business that can also provide employment and wealth-generating opportunities for the owner’s spouse, children and extended family members. Likewise, for some individuals lifestyle issues are an important consideration, especially for those who believe that the self-employed have greater capacity to set their own working hours and conditions than do employees. Finally, another commonly-expressed reason is the desire to exercise creativity in the workplace, by being able to undertake the work that one wants, when one wants it, in the form one wants (Volery, Mazzarol, Doss & Thein, 1997).

### **Work and Well-Being**

The existing body of research into the life- and work-related satisfaction of business owners and the self-employed is relatively small and limited in scope. One of the most common themes to be found within this literature, however, is the suggestion that the self-employed are likely to report higher levels of satisfaction than are employees (Jamal, 1997). Blanchflower, Oswald and Stutzer (2001), for example, in their examination of a number of industrialized nations found that business owners in different countries consistently displayed a significantly higher level of job satisfaction than do wage or salary earners. This finding has been supported by the work of Bradley and Roberts (2004), who, utilizing a database similar to the HILDA, the US National Survey of Families and Households, found that self-employed individuals in the USA did indeed report higher levels of job satisfaction than employees.

Within this overall cohort, however, some interesting patterns of difference do appear to exist between different categories of owner-operators. Specifically, there is a difference between those who emphasize economic and non-economic goals. Business operators who identify non-financial goals, such as workplace flexibility, family involvement and independence as the most important aspects of being an owner-manager (so called “lifestyle owners”) often report significantly higher levels of satisfaction than do individuals whose main priority is generating a suitable economic return. Likewise, female owners are often more satisfied than their male counterparts, even though on the whole women tend to launch and manage businesses that are smaller in size and turnover (Cooper & Artz, 1995).

However, a number of studies have also indicated that the self-employed tend to report lower levels of health, and higher levels of stress, than their wage and salaried counterparts (Jamal, 1997; Chay, 1993). This may arise from a number of different factors including the lack of institutional support and limited resources which the self-employed have access to; the additional responsibilities and worries which arise when one is the manager; or the additional burden of multi-tasking and time management required of business owners.

<sup>1</sup> Includes all firms with an ABN and an active GST remittance . Excludes government agencies; non-profit organizations; firms not registered for GST.

Source: Australian Bureau of Statistics (2007), Counts of Australian Businesses, Including Entries And Exits, Cat.no.8165.0, Canberra: ABS, p.14

Interestingly, dissatisfaction appears to be an important factor in the decision of many individuals to become self-employed. Research evidence suggests that an individual's dissatisfaction with paid employment can often be a primary determinant in the decision to leave the salaried workforce and venture into the field of business ownership (Noorderhaven, Wennekers, Hofstede, Thurik & Wildeman, 1999). Conflict with a supervisor, an unpleasant working environment, stilted career prospects or unsupportive work colleagues, amongst other factors, can all contribute to the decision to escape from the role of an employee by becoming an employer. In this sense, then, dissatisfaction is often a causal agent or catalyst for self-employment, and logically suggests that, once such individuals have started their own business, the reported sense of satisfaction in the work environment should improve.

Notably, almost all of the research undertaken to date has been outside of Australia. There is very little empirical analytical comparison of business-owners and employees in Australia, and this oversight, along with the above discussion, suggests that the following questions are worthy of examination:

*Research Question 1: Do individuals who are self-employed and those who are employees differ in regards to (i) life satisfaction, (ii) job satisfaction, (iii) priorities, (iv) risk preference (v) perceived prosperity, (vi) health (general health, vitality, social functioning, emotional well-being, mental health)?*

*Research Question 2: Do the contributors to life satisfaction differ for individuals who are self-employed than for those who are employees?*

## **Method**

### **Data Source: HILDA**

The Household, Income and Labour Dynamics in Australia (HILDA) Survey data was used to investigate our research questions (for comprehensive details, see Watson & Wooden, 2002). The HILDA Survey is based on similar studies conducted in both Germany and the UK (the German Socio-Economic Panel and the British Household Panel Survey respectively). The HILDA Survey thus involved the selection of a large nationally representative sample of households and then seeking interviews with members of those households. Specifically, a household interview was sought with at least one adult member. Individual interviews were then sought with all household members over the age of 15 years on the 30 June preceding interview. In addition to the collection of data through personal interview, all persons completing a personal interview were also given a self-completion questionnaire which they were asked to return, once completed, either by mail or by handing it to the interviewer at a subsequent visit to the household.

For our comprehensive description of the data collection process, we drew directly from Shields and Wooden (2003). In Wave 1 (2000), 13,969 individuals aged 15 years or older were successfully interviewed (from a sample of 15,127 in 7,683 households). Subsequent interviews for following waves were conducted one year apart. Attrition rates were comparable with other longitudinal surveys ranging from a high of 13.2% (Wave 2) to a low of 6.6% (Wave 3). Households were selected into the sample by a multi-stage process. First, a random sample of 488 Census Collection Districts (CDs), based on 1996 Census boundaries, was selected from across Australia (each of which consists of approximately 200 to 250 households). After adjusting for out-of-scope dwellings (e.g., unoccupied, non-residential) and households (e.g., all occupants were overseas visitors) and for multiple households within 9 dwellings, the total number of households identified as in-scope was 11,693. Interviews were completed with all eligible members at 6,872 of these households and with at least one eligible member at a further 810 households. The total household response rate was, therefore, 66 per cent. Within the 7,682 households in which interviews were conducted, there were 19,917 people. Of this group, 4,790 were under 15 years of age on the preceding 30 June and hence were ineligible for an interview in Wave 1. This left 15,127 persons eligible for a personal interview, 13,969 of whom completed the Person Questionnaire. Additionally, of this group, 13,159 (94%) completed and returned the Self-Completion Questionnaire. As discussed in Wooden, Freidin and Watson (2002), these response rates compare favourably with the rates achieved in the first waves of similar major household panel surveys conducted in other Western nations and well in excess of the rates typically reported in other Australian surveys that have attempted to measure life satisfaction (Davern & Cummins, 2006; Smart & Sanson, 2005).

More importantly, comparison with population benchmark data from ABS sources suggest that the sample has characteristics that are broadly in line with what would have been expected if the sample were truly random.

## Variables

The issues investigated in this research paper were measured using the following constructs:

**Life Satisfaction:** Survey respondents were asked to indicate how satisfied they were with their overall life satisfaction (*All things considered, how satisfied are you with your life?*) using a scale ranging from 0 (totally dissatisfied) to 10 (totally satisfied). An almost identical question has been included as part of the German Socio-Economic Panel since its inception in 1984, and has formed the basis for a number of studies into life satisfaction in that country (e.g., Winkelmann & Winkelmann, 1998; Clark, Georgellis & Sanfey, 2001; Frijters, Haisken-DeNew & Shields, 2004). The question is also very close to the overall life satisfaction item included in the widely used World Values Survey (Inglehart et al., 2000) and the Euro-Barometer Surveys (Di Tella et al., forthcoming). This question follows probes into respondents' satisfaction with eight life aspects, including: (i) the home in which people live; (ii) employment opportunities; (iii) financial situation; (iv) personal safety; (v) feeling part of the local community (vi) personal health; (vii) the neighbourhood in which people live; and (viii) amount of free time, again using a scale where 0 = totally dissatisfied, 5 = neither satisfied nor dissatisfied, and 10 = totally satisfied.

**Job Satisfaction:** Similarly, respondents were asked to rate their overall job satisfaction using a scale ranging from 0 (totally dissatisfied) to 10 (totally satisfied). This question follows five related questions: total pay satisfaction; job security satisfaction; the work itself satisfaction; the hours you work satisfaction; and the flexibility to balance work and non-work commitments satisfaction. All of these were measured using a scale ranging from 0 (totally dissatisfied) to 10 (totally satisfied).

**Individual Priorities:** Respondents were asked to respond to eight questions related to how they ranked aspects of their lives using a scale ranging from 0 (the least important thing) to 10 (the most important thing). The aspects were: the home in which you live; your employment and work situation; your financial situation; involvement in your local community; your health; your family; leisure activities, such as hobbies, sports and contact with friends; and religion.

**Perceived Prosperity:** A single item question that asked respondents perceived prosperity given their current needs and financial responsibilities with 6 response options: 1 = prosperous; 2 = very comfortable; 3 = reasonably comfortable; 4 = just getting along; 5 = poor; 6 = very poor.

**Risk Preference:** A single item question that asked respondents the financial risk they are prepared with 5 response options: 1 = takes substantial risks expecting substantial returns; 2 = takes above-average risks expecting above-average returns; 3 = takes average financial risks expecting average returns; 4 = not willing to take financial risks; 5 = never has any spare cash.

**Individual Health Metrics:** Included in the HILDA Survey, as part of the self-completion questionnaire (SCQ), was the SF-36<sup>2</sup>, a survey of generic health concepts that has been extensively tested and used around the world (see Ware et al., 2000). For this study, we were interested in the following SF-36 scales: general health, vitality, social functioning, role-emotional, and mental health. Raw scores on these scales are standardised in the HILDA dataset so that the scale values range from 0 to 100. Though there is some concern using self-report measures of health (see, for example, Chirikos, 1993) there is a large literature that supports that self-assessed measures are highly correlated with medically determined health status (e.g., Nagi, 1969; Maddox & Douglas, 1973; Ferraro, 1980) and are good predictors of mortality and morbidity (e.g., Mossey & Shapiro, 1982; Idler & Kasl, 1995).

**Self-Employed:** The HILDA survey includes two quantifying questions related to self-employment status using definitions established by the Australian Bureau of Statistics (ABS): (1) "Employee of own business" refers to people who work for their business which is incorporated and (2) "Employer/own account worker" refers to people who work in their own business which is not incorporated. In this research we were concerned with the former subset of self-employed (i.e., those with incorporated businesses).

**Private Sector Employees:** This subgroup of HILDA respondents were those who reported being in paid employment.

## Control Variables

**Age:** We controlled for the effects of age as there is evidence in recent studies employing large nationally representative data sets that age does impact psychological constructs (such as life satisfaction) (e.g., Clark & Oswald, 1994; Clark et al., 2001; Frijters et al., 2002; Helliwell, 2002; Di Tella et al., forthcoming).

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<sup>2</sup> The SF-36 comprises 36 items that can then be used to construct multi-item scales measuring each of the following eight health concepts: (i) physical functioning; (ii) role limitations due to physical health problems; (iii) bodily pain; (iv) general health; (v) vitality; (vi) social functioning; (vii) role limitations due to emotional problems; and (viii) mental health.

**Education:** As measures of educational attainment in models of subjective well-being are usually included, in this analysis we included a series of dummy variables for different levels of education attainment.

**Gender:** We included respondents' gender as a control.

**Results**

**Research Question 1**

The results suggest that the level of satisfaction between the self-employed and paid employees does differ significantly, and that business owners are more satisfied than their waged counterparts. Self-employed business owners report both higher levels of overall life satisfaction (see Table 2a), job satisfaction (Table 2b), and priorities (Table 2c). As seen in Table 2d, there were comparable findings for risk preference, perceived prosperity, and health. The control variables of age, gender, and education were significant for many of the different variables.

**Table 2a:** Life Satisfaction Differences Between Self-Employed and Employees HILDA Wave 1.

Variable	Self-employed Mean (Standard Deviation) (n=526)	Employees Mean (Standard Deviation) (n=6840)	F-value	With Controls for Age F-value	With Controls for Gender F-value	With Controls for Education F-value
<b>Life Satisfaction</b>						
All things considered, how satisfied are you with your life?	8.12 (1.60)	7.91 (1.48)	8.28**	13.57***	6.20**	36.10***
How satisfied are you with the home in which people live?	8.04 (2.02)	7.84 (2.05)	1.36	50.01***	.31	38.59***
How satisfied are you with your employment opportunities?	7.85 (2.30)	7.22 (2.26)	47.53***	19.45***	10.64***	19.46***
How satisfied are you with your financial situation?	7.03 (2.42)	6.28 (2.27)	36.03***	34.18***	.18	20.29***
How satisfied are you with your personal safety?	8.31 (1.69)	7.91 (1.89)	18.76***	1.82	32.70***	.01
How satisfied are you with feeling part of the local community?	7.02 (2.23)	6.56 (2.28)	8.25***	102.81***	11.27***	1.48
How satisfied are you with your personal health?	7.87 (1.84)	7.72 (1.8)	6.54**	11.60***	.10	8.34***
How satisfied are you with the neighbourhood in which people live?	8.35 (1.64)	7.91 (1.87)	13.46***	85.26***	2.06	3.28
How satisfied are you with your amount of free time?	5.90 (2.94)	6.04 (2.62)	2.15	11.34***	2.14	115.68***

\*  $p < .05$

\*\*  $p < .01$

\*\*\*  $p < .001$

**Table 2b: Job Satisfaction Differences Between Self-Employed and Employees HILDA Wave 1**

Variable	Self-employed Mean (Standard Deviation) (n=526)	Employees Mean (Standard Deviation) (n=6840)	F-value	With Controls for Age F-value	With Controls for Gender F-value	With Controls for Education F-value
<b>Job Satisfaction</b>						
All things considered, what is your overall job satisfaction?	8.01 (1.91)	7.60 (1.94)	15.25***	72.90***	33.96***	54.74***
How satisfied are you with your total pay?	6.93 (2.69)	6.78 (2.35)	.04	47.34***	.15	8.04***
How satisfied are you with your job security?	7.81 (2.52)	7.77 (2.446)	2.28	9.78***	28.49***	.15
How satisfied are you with the work itself?	8.17 (1.89)	7.56 (2.09)	22.49***	103.49***	3.68	1.81
How satisfied are you with the hours you work?	6.80 (2.49)	7.20 (2.32)	19.76***	65.99***	24.29***	65.23***
How satisfied are you with your flexibility to balance work and non-work commitments?	7.58 (2.71)	7.38 (2.57)	3.62	13.40***	33.44***	62.20***

\*  $p < .05$   
 \*\*  $p < .01$   
 \*\*\*  $p < .001$

**Table 2c:** Individual Priority Differences Between Self-Employed and Employees HILDA Wave 1

Variable	Self-employed Mean (Standard Deviation) (n=526)	Employees Mean (Standard Deviation) (n=6840)	F-value	With Controls for Age F-value	With Controls for Gender F-value	With Controls for Education F-value
<b>Individual Priorities</b>						
How would you rate the importance of the home in which you live?	7.96 (1.87)	8.02 (1.92)	1.74	85.31***	45.94***	199.88***
How would you rate the importance of your employment and work situation?	8.09 (1.70)	7.99 (1.75)	1.46	1.86	72.41***	28.59***
How would you rate the importance of your financial situation?	8.14 (1.61)	8.04 (1.64)	2.38	2.23	2.58	55.54***
How would you rate the importance of your involvement in your local community?	5.88 (2.29)	5.49 (2.29)	4.72*	145.64***	33.35***	4.82*
How would you rate the importance of your health?	9.01 (1.20)	8.88 (1.32)	4.25*	31.06***	82.17***	6.40**
How would you rate the importance of your family?	9.61 (.84)	9.50 (1.11)	5.04*	25.41***	111.97***	4.71*
How would you rate the importance of leisure activities, such as hobbies, sports and contact with friends?	7.66 (1.88)	7.95 (1.71)	4.11*	29.30***	19.35***	33.82***
How would you rate the importance of religion?	4.39 (3.53)	4.24 (3.48)	.09	91.72***	127.20***	.62

\*  $p < .05$ \*\*  $p < .01$ \*\*\*  $p < .001$



**Table 2d:** Prosperity, Risk and Health Differences Between Self-Employed and Employees HILDA Wave 1

Variable	Self-employed Mean (Standard Deviation) (n=526)	Employees Mean (Standard Deviation) (n=6840)	F-value	With Controls for Age F-value	With Controls for Gender F-value	With Controls for Education F-value
<b>Perceived Prosperity</b>						
What is your perceived prosperity given your current needs and financial responsibilities?	2.79 (.83)	3.17 (.75)	123.27***	24.01***	3.59	137.42***
<b>Risk Preference</b>						
What level of financial risk are you prepared to live with?	3.07 (.88)	3.62 (.92)	126.04***	.09	93.64***	258.74***
<b>Health Metrics</b>						
General health	75.13 (19.02)	73.54 (18.41)	7.33**	23.72***	2.39	8.82**
Vitality	64.38 (18.54)	62.30 (18.37)	.74	13.99***	80.16***	1.32
Social functioning	88.14 (20.51)	85.20 (20.54)	4.60*	5.83*	17.41***	.05
Role-emotional	88.61 (26.73)	86.50 (28.48)	.78	4.32*	15.12***	6.77***
Mental health	77.90 (15.50)	74.58 (16.13)	5.86*	50.89***	29.67***	1.22

\*  $p < .05$ \*\*  $p < .01$ \*\*\*  $p < .001$ **Research Question 2**

Research question 2 examined whether the contributors to life satisfaction differed between those who were self-employed and those who were employees. Table 3 reports the regression results for both self-employed and employees. The adjusted  $R^2$  for the self-employed regression model was higher at .58 contrasted to an adjusted of  $R^2$  of .44 for employees. For both regression models, age was the only variable that was not associated (self-employed  $\beta = -.05$ ;  $p > .05$ ; employees  $\beta = .015$ ;  $p > .05$ ) with life satisfaction.

**Discussion**

The purpose of this exploratory research was to investigate three questions related to individual functioning in small businesses in Australia using the rich information compiled by the HILDA initiative. Our findings shed further light on the contrasts between a life *in* business versus a life *for* business and support similar studies around the world that point to the perceived positive outcomes of business ownership. From our results, we are able to make several observations.

In regards to research question 1, the results suggest that the level of satisfaction between the self-employed and employees groups differs significantly, and that self-employed are more satisfied than their waged counterparts in most areas. Self-employed business owners report both higher levels of overall life satisfaction and job satisfaction. More specifically, the self-employed are significantly more satisfied than employees in regards to their life conditions, their employment opportunities, their financial situation, their personal safety, in feeling part of the community, their personal health, and their neighbourhood. This would tend to confirm the results uncovered in previous studies of satisfaction among small business owner-operators in other nations (Blanchflower, Oswald and Stutzer, 2001; Cooper and Artz, 1995; Jamal, 1997), which report similar findings to those reported here from Australia. This appears to arise from several factors. As the Wave 1 data analysis shows, small business owner-operators are satisfied with most aspects of their life (employment, finances, personal security, community belonging, and personal well-being) – all of which are commonly accepted measures of well being.

**Table 3:** Life Satisfaction Contribution Self-Employed Versus Employees

Dependent Variable	Independent Variable	Self-Employed		Employees	
		$\beta$	<i>t</i> -value	$\beta$	<i>t</i> -value
		(n = 526) <sup>a</sup>		(n = 6840)	
Life Satisfaction	Age	-.053	-1.78	.015	1.61
	Gender	.051	1.71	.029	3.20**
	Education	.076	2.54*	.045	4.79***
	Home	.205	5.82***	.145	13.93***
	Employment opportunities	.213	6.11***	.114	11.01***
	Financial situation	.148	4.02***	.182	16.78***
	Personal safety	.154	4.48***	.151	14.14***
	Part of community	.119	3.38**	.081	7.48***
	Personal health	.123	3.78***	.193	18.81***
	Neighbourhood	.038	1.00	.065	5.83***
	Free time	.190	5.95***	.145	14.90***
	Adjusted $R^2$	.58		.44	
	<i>F</i> -Value	82.82***		649.14***	

\*  $p < .05$

\*\*  $p < .01$

\*\*\*  $p < .001$

<sup>a</sup> Pairwise deletion

However, it seems that for the self-employed this well-being does not come without cost. It is of interest to point out that employees were more satisfied with their free time when controlling for age and education. This specific finding could suggest that employees are able to have greater control of their free time, whereas the self-employed may feel that they are always responsible to their business and customers. This finding is further validated as employees were more satisfied with the hours they worked and their leisure activities than the self-employed.

The self-employed recorded a slightly lower level of satisfaction with their perceived current prosperity than employees, which may be a reflection of the fact that much of the wealth of small business owners is frequently tied up in the business itself, rather than taking the form of free cash flow (NATSEM, 2005). Despite this, self-employed respondents, as a whole, felt “very comfortable” with their perceived prosperity (Table 2d). This point is perhaps also further validated by the indication that the self-employed were more willing than employees to take risks to gain greater financial well being.

The results for research question 2 suggest that all of the studied variables (with the notable exceptions of age, gender, and neighbourhood) explain approximately 58% of the variance associated with life satisfaction for the self-employed. Interestingly, age and gender did not play a significant role for the self-employed groups’ life satisfaction. This finding may suggest that the self-employed feel more empowered to overcome well-documented

biases associated with age and gender and thus reduce the effects of these two components on overall life satisfaction. For employees, only 44% of the variance was explained through the regression model. Likewise, gender did play a significant role for employees in determining their life satisfaction, though the effect was the weakest compared to other variables in the regression model. As stated earlier, the self-employed are more satisfied with their lives than employees.

### **Implications**

We suggest there are implications from these findings for several audiences. First, those considering pursuing a career move into business ownership should be encouraged to know that, although there are well documented risks and challenges, our results point to rewards in terms of life satisfaction, work satisfaction, and health. Second, those already involved in business may also be enlightened to know that, although at times the odds do seem unsurpassable, the general perception is that the benefits do outweigh the cost, in well-being, if not in financial terms. Finally, such results also pose some interesting challenges for policymakers and educators. Small business ownership, it seems, can bring many personal and job-related advantages, compared to conventional paid employment. The self-employed provide economic opportunities for the communities they work in (by the creation of new products, services and jobs, and by overall wealth creation), and the reward is a greater sense of well-being than can be achieved by working as an employee. However, the path to business success is often uncertain and unpredictable, whereas a wage or salaried occupation is not necessarily so. Should more emphasis be placed on these findings by those seeking to promote a greater embrace of entrepreneurship in the Australian community?

### **Limitations and Future Research**

Analysing data collected to address multiple agendas is not without limitations and it would be remiss of us to not include an overview of what we see as the most significant of these uncovered during the process of developing this project. First, as our primary audience of interest is those respondents involved in small business (unlike much of the previous work that has been published in this area), the use of a household sample means that the respondents' frame of reference is from a household, rather than a business, perspective. Ideally, we would have preferred to have included more information about, and insights into, respondents' business activities. While there are additional questions in the HILDA survey that relate to the respondents' business activities, these are not often couched in extant entrepreneurial and small business theories, so we elected to not include these during this exploratory investigation. However, we do see potential in the future to investigate research questions that will include finer attributes of respondent businesses.

Second, we deliberately omitted including details about the respondents' family situation. This is a limitation of the study but one that we considered being not a requirement of an exploratory project. The HILDA survey provides rich insights into family functioning and we intend to continue to investigate the small business owner respondents' data in order to gain further knowledge into the business-family relationship. Third, while we included control variables in our comparisons, we limited these to only three, and there is opportunity to make finer analyses in future studies. As well, bias issues related to not being able to validate responses are a limitation of this type of research.

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