GLOBALIZATION AND JOB SATISFACTION

Name: Maartine Trommelen
Student number: 374235
Supervisor: Italo Colantone
Co-reader: Enrico Pennings
GLOBALIZATION AND
JOB SATISFACTION

M. Trommelen

Erasmus University Rotterdam, Erasmus School of Economics

August, 2013

Abstract

This study empirically investigates the relation between globalization and job satisfaction in the European Union. The main conclusion of this research is that globalization is negatively related to job satisfaction. Another conclusion is that the relation between globalization and job satisfaction does not significantly differ between the self-employed and employees. Instead, when making a distinction between low and high educated workers, it seems that globalization is negatively related to job satisfaction for high educated workers, while there is no significantly negative relation for low educated workers. This study also investigated whether the negative relation between globalization and job satisfaction is caused by a decrease in job security. However, it appears that globalization is positively related to satisfaction with job security.
Table of Contents

1. Introduction ................................................................................................................. 1
2. Theory ......................................................................................................................... 4
   2.1 Job satisfaction ........................................................................................................ 4
      2.1.1 Definition of job satisfaction ........................................................................... 4
      2.1.2 Measures of job satisfaction ............................................................................. 6
      2.1.3 Self-employed versus employees .................................................................... 8
   2.2 Globalization ......................................................................................................... 8
      2.2.1 Definition of globalization .............................................................................. 8
      2.2.2 Effects of globalization ................................................................................. 9
3. Empirical literature and hypotheses ........................................................................ 11
   3.1 Empirical literature .............................................................................................. 11
   3.2 Hypotheses .......................................................................................................... 14
4. Data and methodology .............................................................................................. 16
   4.1 Construction of the data ..................................................................................... 16
   4.2 Sample selection .................................................................................................... 16
   4.3 Ordered logistic regression .................................................................................. 17
   4.4 The model ............................................................................................................. 19
5. Results and discussion .............................................................................................. 23
   5.1 Discussion of hypotheses ..................................................................................... 24
   5.2 Discussion of control variables ............................................................................ 25
   5.3 Discussion of satisfaction with job security ....................................................... 26
6. Conclusions and recommendations ....................................................................... 29
   6.1 Conclusions ......................................................................................................... 29
   6.1 Limitations and future research .......................................................................... 30
Reference list ............................................................................................................... 32
1. Introduction

The present world economy is characterized by an increasingly integrated global economy with free trade. Existing literature acknowledge that the nature of work has changed dramatically in recent years in response to this increasingly global economy. However, important discrepancies exist concerning the effect of globalization on job satisfaction, i.e. it is not obvious whether job satisfaction has improved or declined. On the one hand, global market threats like the increase in competition may have a negative impact on job satisfaction. For instance, pressure from emerging economies could decrease wages and deteriorate working conditions. On the other hand, intrinsic factors such as self-fulfillment and self-growth, which are positively related to job satisfaction, could be increased as a result of the new opportunities generated by globalization.

The relationship between globalization and job satisfaction has not been investigated in the existing literature. Nevertheless, it seems that one of the greatest impediments to the success of a business often concerns personnel rather than information, technology, or systems (Okpara, 1996). Moorman (1993) finds that one of the most widely believed maxims of management is that a happy worker is a productive worker. Moreover, existing researchers support a significant relationship between job satisfaction and lower turnover rates (Cotton & Tuttle, 1986; Danserau, Cashman & Graen, 1974; Tett & Meyer, 1993; Trevor, 2001) and between job satisfaction and decreased absenteeism (Hardy, Woods, & Wall, 2003). Excessive turnover and absenteeism result in a waste of human power and needless loss in production and profit. Therefore personnel and subsequently job satisfaction are important factors that contribute to the success of a business and hence it is important to investigate the relation between globalization and job satisfaction.

Roznowski and Hulin (1992) emphasized the enormous amount of research done on job satisfaction. They remarked that “Job satisfaction has been around in scientific psychology for so long that it gets treated by some researchers as a comfortable ‘old shoe’, one that is unfashionable and unworthy of continued research” (p. 124). However, in the changing global environment it is essential to expand research in this field. Accordingly, the purpose of this study is to fill the gap in the existing literature regarding how job satisfaction is influenced by the changing global environment.
It seems that self-employed people have higher levels of job satisfaction than employees (Blanchflower, 2000). Accordingly the difference between the self-employed and employees will be taken into account in the analysis. Besides this difference, there is also made a distinction between high and low educated workers. As a result, the research question in this thesis will be formulated as follows:

**Research question:** *How are globalization and job satisfaction related, and how does this relation differ between self-employed people versus paid employees and between high versus low educated workers?*

The analysis is performed using data from 10 EU-15 countries. In this analysis, it is found that globalization is negatively related to job satisfaction. Moreover, it seems that this negative relationship is not driven by a decrease in job security since it is found that globalization is positively related to satisfaction with job security. Another finding is that the relationship between globalization and job satisfaction does not significantly differ between the self-employed and employees. However, when making a distinction between low and high educated workers, it is found that globalization is negatively related to job satisfaction for high educated workers, while there is no significantly negative relation for low educated workers.

This study aims to provide a contribution to the limited empirical literature examining the relationship between globalization and job satisfaction. In addition, this study could provide a meaningful insight for managers since personnel and subsequently job satisfaction are important factors that contribute to the success of a business. Bhatti and Qureshi (2007) affirm that employee satisfaction has always been important issues for organizations. However, few organizations have made job satisfaction a top priority, perhaps because they have failed to understand the significant opportunity that lies in front of them. Besides the fact that job satisfaction should be a top priority for managers because satisfied employees tend to be more productive, creative and committed to their employers, job satisfaction is also of critical importance for the employees themselves since work is a central aspect of human life and well-being (Blustein, 2008; Moos, 1986). In other words, promoting employee satisfaction has inherent humanitarian value (Smith, Kendall & Hulin, 1969). In addition, job satisfaction is related to other positive outcomes in the workplace. For instance, increased organizational citizenship behaviors (Organ & Ryan, 1995). These are employee behaviors that, although not critical to the task or job, serve to facilitate organizational functioning (Lee & Allen, 2002).
Finally, job satisfaction is related to increased life satisfaction (Judge, Bono & Locke, 2000) and decreased counterproductive work behaviors (Dalal, 2005).

The remainder of this paper is organized as follows. Firstly, there will be a literature review which describes the existing theoretical literature regarding job satisfaction and globalization. The next chapter presents an overview of the empirical literature and hypotheses of this study. Thereafter, the employed data and methodology will be discussed. Subsequently, the empirical findings are presented. In addition, this chapter discusses the main results in more detail. Afterwards, the conclusion, limitations and recommendations for future research are described.
2. Theory

This chapter gives an overview of the theoretical literature regarding globalization and job satisfaction. Before discussing the relationship between globalization and job satisfaction, it is important to have a clear idea of the different concepts. Therefore this chapter is intended to gain more insights in the variables. Section 2.1 discusses the definition of job satisfaction, the factors which influence job satisfaction, measurements of job satisfaction and finally it discusses the different levels of job satisfaction among wage workers and entrepreneurs. Thereafter, in section 2.2 globalization will be explained. First, the definition of globalization will be discussed, followed by the effects of globalization.

2.1 Job satisfaction

2.1.1 Definition of job satisfaction

Schermerhorn (1993) defines job satisfaction as an affective or emotional response towards various aspects of an employee’s work. The author emphasizes that possible causes of job satisfaction include status, supervision, co-worker relationship, job content, remuneration and extrinsic rewards, promotion and physical conditions of the work environment, as well as organizational structure. Dawis (1994) defined job satisfaction also as an affect- or feeling and emotion- resulting from one’s evaluation of the situation. Similarly, Cranny, Smith and Stone (1992) conclude that their definition of job satisfaction is “an affective or emotional reaction to one’s job, resulting from the incumbent’s comparison of actual outcomes with those that are desired” (p.1). However, other authors define job satisfaction as an attitude instead of an affect, feeling or emotion. For instance, Brief (1998) states that job satisfaction “is an attitude towards one’s job” (p.10). Equally, Wiener (1982) states that job satisfaction is an attitude toward work-related conditions, facets, or aspects of the job. In this way, job satisfaction is a construct that addresses individual attitudes toward a job.

Miner (1992) already states that it seems desirable to treat job satisfaction as generally equivalent to job attitudes. In fact, Weiss (2002) mentioned that it seems clear from the literature that the most organizational researchers do not see the definitions of “satisfaction as affect” and “satisfaction as attitude” as inconsistent. For them, job satisfaction as an attitude about our jobs and job satisfaction as an affective response to our jobs is the same. However, Weiss (2002) argued that “the treatment of attitude and affect as the same thing has obscured real and important differences between the constructs” (p.2) He believes that job satisfaction is an attitude, as attitude is defined and operationalized in basic social psychological research.
“An attitude is an evaluation or evaluative judgment made with regard to an attitudinal object, and evaluation is not synonymous with affect” (p. 175). An attitude is therefore not the same as an affective reaction. However, attitudes include affective responses, beliefs about the object, and behaviors in relation to the object. In addition, Weiss (2002) argued that “the research on job satisfaction has confused a number of separate, if related, constructs which need to be distinguished” (p. 177). According to Weiss (2002), the definition of job satisfaction comprises three independent constructs, which are overall evaluative judgments about jobs, affective experiences at work and beliefs about jobs.

As stated in the introduction, satisfied employees tend to be more committed to their employers. The difference between commitment and job satisfaction is that commitment is a more global response to an organization, whereas job satisfaction is a response to a specific job or various facets of the job (Bhatti & Qureshi, 2007). “Commitment is more consistent than job satisfaction over time, since day-to-day events in the work place may affect the level of job satisfaction but these events do not cause an employee to reevaluate seriously his or her attachment to the overall organization” (Mowday, Porter & Steers, 1982, p.28).

The construct job satisfaction can be positive or negative, i.e. one can speak about job satisfaction or job dissatisfaction. Factors which contribute to employee dissatisfaction include poor working conditions, staff shortages, below competitive salaries and a lack of promotional opportunities (Ellickson & Logsdon, 2002; Ting, 1997). Bhatti and Qureshi (2007) define job satisfaction as “a pleasurable or positive emotional state from the appraisal of one’s job or job experience”. This is determined by the discrepancy between what an employee values and what the situation provides. It can be seen as the result of the worker’s appraisal of the degree to which the work environment fulfills the individual’s needs. These needs or aspects of work can be divided in two categories.

As proposed by Herzberg’s two-factor theory, job satisfaction can be considered in terms of intrinsic and extrinsic factors. Intrinsic factors include opportunities for advancement and growth, recognition, responsibility and achievement. Extrinsic factors include supervision, pay, policies, working conditions, interpersonal relations and security. Lu (1999) argued that people who have strong intrinsic motivations such as self-fulfillment and self-growth will be more seriously affected by lack of control in their jobs, whereas people who have strong extrinsic work motivations such as pay and work conditions will care more about demands in their jobs. To relate this to job satisfaction, it seems that the intrinsic factors can promote job
satisfaction, whereas extrinsic factors can prevent job dissatisfaction (Baron & Greenberg, 1990). Dunnette, Campbell and Hakel (1967) explained that intrinsic aspects of work such as responsibility and advancement are more satisfying than extrinsic factors such as working conditions and company policies. Moreover O’Reilly and Caldwell (1980) argued that people who made job choices on intrinsic factors, like interest in job or opportunity for learning and advancement, would be more satisfied than those who made the decision based on extrinsic factors, such as salary or preference for geographic location.

Sloane and Williams (2000) state that the most important facet in overall job satisfaction appears to be the nature of work itself for both men and women. However, job security and promotion appear to be more important to men, while hours, good interpersonal relations and ability to use one’s own initiative tend to be more important to women. Another difference is made by Westover (2008), who found that workers in industrial jobs tend to value more extrinsic workplace characteristics, such as higher pay, opportunity for advancement and workload, while workers in service sector job tend to value intrinsic workplace characteristics, such as job autonomy, interesting work, and workplace relationships.

### 2.1.2 Measures of job satisfaction

There exist many different job satisfaction measures. However, only a few meet several criteria for a high level of reliability and construct validity (Saane, Sluiter, Verbeek & Frings-Dresen, 2003). Scholars have pointed out the problems inherent in the use of diverse, ad hoc, and invalidated job satisfaction measures (O’Connor, Peters & Gordon, 1978; Wanous & Lawler, 1972). Moreover, other problems involve theorizing job satisfaction affectively but measuring it cognitively (Fisher, 2000; Brief & Roberson, 1989; Brief & Weiss, 2002). Some measures which are often used in research will be discussed in this section.

The first measure which will be discussed is the Job Descriptive Index (JDI). Kinicki, McKee-Ryan and Schriesheim (2002) argue that JDI is a reasonable measure for researchers to use when satisfaction is investigated. The JDI measure is designed around five subdimensions, which are satisfaction with work, supervision, coworkers, pay, and promotion (Kinicki et al., 2002). It is a cognitive job satisfaction measure, because it is based on logical and rational evaluation of the job conditions. Cognitive satisfaction is an appraisal based on comparisons which do not rely on emotional judgments. Instead cognitive satisfaction includes evaluations of conditions, opportunities, or outcomes (Moorman, 1993). Therefore, cognitive job satisfaction measures include questions about the nature of the job, the working
conditions, and the opportunities to satisfy important needs. The questions ask for appraisals of the job, not descriptions of the feelings (Moorman, 1993). Another job satisfaction questionnaire which is cognitive in its orientation is the Minnesota Satisfaction Questionnaire (MSQ). This questionnaire consists of a list of job conditions which the respondent is asked to appraise. The job conditions include the working conditions, the pay, the quality of supervision, and the degree of autonomy and importance in the job (Moorman, 1993). The respondent is not asked to mention the types of feelings associated with the work or the degree the work evokes positive or negative emotions.

As opposed to the cognitive measures, there are affective measures of job satisfaction. Affective satisfaction is satisfaction that is based on overall positive emotional appraisal of the job. This satisfaction focuses on whether the job evokes a good mood and positive feelings and hence affective measures of job satisfaction include questions about a respondent’s feelings on the job or their mood when working (Moorman, 1993). One example is the Faces Scale, which is one of the first scales used widely. This measure is affectively oriented since it asks for no detailed appraisals. The respondent just reports which facial expressions best approximates his/her own while working. The face range from very happy to very sad and clearly reflect an emotional response to work (Moorman, 1993). Another way of measuring job satisfaction is with the Brief Index of Affective Job Satisfaction (BIAJS), which is also an affective measure of job satisfaction. The BIAJS differs from other job satisfaction measures in being extensively validated. This measure is validated for internal consistency reliability, temporal stability, convergent and criterion-related validities and also for cross-population invariance by nationality, job level and job type (Thompson & Phua, 2012). Hence, besides the increase in validity, there is also an increase in comparability.

Other job satisfaction questionnaires include the Job Satisfaction Survey (JSS), which is a 36 item questionnaire that measures nine facets of job satisfaction. These nine facets of job satisfaction are: salary, promotion, supervision, fringe benefits, contingent rewards, operating procedures, co-workers, work and communication. The JSS is a multidimensional instrument with a six-point Likert scale as response formation. This scale range from ‘disagree very much’ to ‘agree very much’. The JSS was originally developed for the social service sector. However, Spector (1985) argued that it can be used for other sectors as well.
2.1.3 Self-employed versus employees

In this study, there will be made a distinction between self-employed and employees. Taylor (1996) found that fewer entrepreneurs than paid employees regarded pay and security as important aspects of their job. The proportions were respectively 37 and 32 per cent for the entrepreneurs compared with respectively 48 and 57 per cent for the paid employees. Conversely, greater proportions of the entrepreneurs reported that initiative (51 per cent) and enjoyment of work itself (57 per cent) were important job aspects, compared with 21 and 41 per cent of employees, respectively. These findings can be related to the extrinsic and intrinsic factors explained before. Employees find pay and security, which are extrinsic factors, more important aspects of their job, whereas entrepreneurs value more the intrinsic aspects of their job. Dunnette, Campbell and Hakel (1967) found that intrinsic aspects of work are more satisfying than extrinsic factors. Therefore it can be concluded that self-employed people have a higher level of job satisfaction compared to employees.

This is indeed strongly supported by the existing literature since the available evidence strongly supports that the self-employed are on average more satisfied with their jobs than employees (Blanchflower, 2000). Blanchflower and Oswald (1998) reported that approximately 46 per cent of the self-employed claimed they were ‘very satisfied’ with their job, compared with only 29 percent for employees. However, Parker (2009) mentioned that there are factors which are necessary to take into account when making cross-group comparisons since for instance the self-employed tend to be older on average and are likelier to be married which are factors being associated with happiness. Nevertheless even when controlling for personal characteristics, it is confirmed that entrepreneurs are more satisfied with their jobs on average than employees are (Parker, 2009). It is noteworthy that the greater levels of job satisfaction are not explained by higher incomes or financial returns. It appears that greater autonomy accounts for the higher reported levels of job satisfaction (Benz & Frey, 2008).

2.2 Globalization

2.2.1 Definition of globalization

Advances and cost reductions in communications technology and transportation have driven the process of globalization. Since the mid-19th century, there have been at least two episodes of globalization. The first one began around the mid-19th century and ended at the beginning of the First World War. The second one began in the aftermath of the Second World War and
continues today. Moghadam (1999) describes the second trend of globalization as a complex world transformation whereby the mobility of capital, organizations, ideas, discourses, and people has taken an increasingly global or transnational form. According to Obstfeld and Taylor (2003), “today’s globalization can be characterized as a ‘rich-rich affair’, dominated by massive diversification flows between rich economies and low rich-poor flows” (p.174). There are nowadays much closer financial ties between developed economies.

While globalization is not a new phenomenon, there is no universally agreed definition. Most economists use the term to refer to international integration in commodity, capital and labour markets (Bordo, Taylor & Williamson, 2003). Likewise, Stiglitz (2006) defined economic globalization as the integration of national economies into the international economy through trade, foreign direct investment, capital flows, migration, and spread of technology (Stiglitz, 2006). In other words, there is an increased flow of goods, services, capital and labor and hence countries are becoming increasingly interdependent on one another in what they produce and purchase. Globalization is usually recognized as being driven by a combination of economic, technological, sociocultural, political, and biological factors. The term can also refer to the transnational dissemination of ideas, languages, or popular culture. The most complete and accurate definitions of ‘globalization’ is the following: the process of increasing social and cultural inter-connectedness, political interdependence, and economic, financial and market integrations that are driven by advances in communication and transportation technologies, and trade liberalization (Eden & Lenway, 2001; Giddens, 1990; Molle, 2002; Orozco, 2002).

2.2.2 Effects of globalization
Globalization has incredibly many effects since it is hard to think of any aspect of modern life that globalization does not influence. Globalization plays a growing role in business, culture, the environment, human migration patterns, international development, politics and science and technology. In this thesis, the effect of globalization on job satisfaction will be discussed, i.e. whether this effect is positive or negative. It seems that globalization presents contradictory forces (Woods, 1998). Global market opportunities and threats are major aspects of globalization. Global market opportunities refer to the increases in market potential, trade and investment potential and resource accessibility (Contractor & Lorange, 1988; Fawcett & Closs, 1993; Jones, 2002; Levitt, 1983; Shocker, Srivastava & Ruekert, 1994). Global market threats refers to the increases in the level of competition, and the level
Globalization is affecting not just the quantity of transactions in the global economy but also their quality. As a result, new opportunities and challenges are opened up for firms, workers and consumers all over the world (Woods, 1998). Also, the increased communication technology, travel and contact present new opportunities. Moreover globalization promises improved efficiency in the distribution of resources and higher standards of living for some. However for others, especially in developing countries, it means increasing inequality and poverty (Stiglitz, 2006). Woods (1998) acknowledge that there are also some losers from this new global economy and the fear that globalization will exacerbate inequalities. The losers from globalization within the market-centred view are those temporarily dislocated by the changes adapted when forming the new more efficient global economy. Those who are not mobile, or whose skills are not transferable may suffer in a globalizing world economy. However, there are new opportunities afforded to those who were previously marginalized.

While some argue that economic globalization is the most important feature of globalization, others find cultural or political aspects of globalization more important. For instance, Browne and Braun (2008) acknowledge that globalization has economic, political and cultural components. Woods (1998) regards political and economic aspects of globalization as incompatible because the political and economic aspects of globalization do not always go comfortably together since political change does not necessarily follow smoothly and conveniently behind economic integration. Globalization affects more than markets and states. It also affects the lives of people across the world. Initially by altering their living standards but also by affecting their culture and values. As a result of new communications systems media, music books, international ideas and values can all disseminate, leading to a ‘global culture’ (Woods, 1998).
3. Empirical literature and hypotheses
This chapter discusses the existing empirical literature regarding the relationship between globalization and job satisfaction. This relationship is not extensively investigated and hence this research will fill the gap in this area of research. Because of the limited empirical literature examining the relationship between globalization and job satisfaction, some literature about the possible effects of globalization on aspects of the job and the work environment will be discussed. Paragraph 3.1 provides a review of the related empirical literature. Afterwards, the hypotheses are presented in paragraph 3.2.

3.1 Empirical literature
As stated in the introduction, the relationship between globalization and job satisfaction has not been extensively investigated in the existing empirical literature. The study of Westover (2008) is the only one which tried to investigate the potential impacts of globalization on job quality and worker satisfaction. According to him, the landscape of work in the United States and across the world has changed dramatically over the past 15-20 years in response to economic shifts and an increasingly global economy. He remarks that there exist contradicting predictions for shifts in overall job quality and job satisfaction over time. He noticed that “the Post-Fordist paradigm argues that job quality has improved in conjunction with the de-industrialization of the U.S. and some foreign-based economies, due to such factors as the adoption of participative management practices and strategies, the diffusion of information technology, and changing product markets. In contrast, the Neo-Fordist paradigm argues that job quality has declined as businesses have responded to economic recessions by removing many of the extrinsic rewards gained by the labor movement in the post-war era” (p. 24). The results from the descriptive comparative study conducted by Westover (2008) indicate that neither of these perspectives can completely explain nor predict the changing trends in workplace characteristics and overall worker job satisfaction.

The fact that the landscape of work has changed dramatically is also discussed by Thoumrungroje (2004). It seems that globalization has caused dramatic changes to business practices around the world. For instance, companies such as IBM, Intel, Microsoft, and Philips have started to outsource specialists from various parts of the world, causing job shifts and changes in companies’ structures (Engardio, Bernstein & Kripalani, 2003). Besides the job shifts and changes in companies’ structures, globalization has resulted in several changes in the business environment. That is, globalization has changed the way we conduct business. As a result, firms navigate in a new competitive landscape.
The study of Thoumrungroje (2004) empirically investigates how globalization affects firm performance. It seems that while firm performance is enhanced by increased market opportunities evoked by globalization, it is also hampered by growing competitive threats. The opportunities and threats evoked by globalization have caused firms to adapt their organizational structures and strategies accordingly (Jones, 2002; Knight, 2000).

As a result of globalization there are global market threats such as the increases in the level of competition, and the level of uncertainty (Burgers et al., 1993; Fawcett & Closs, 1993; Jones, 2002; Ohmae, 1989; Perlmutter & Heenan, 1986). As a result of this increasing number of competitors and the increase in intensity of competition, an increased competitive focus is necessary. In this increasingly global environment, there are more competitors and to compete in this increased competitive environment, companies increase their competitive focus, which could be at the expense of the employees, for instance by increased dismissals, decrease in wages or deteriorated working conditions.

It turns out that unemployment is a major consequence of globalization. This is due to globalization fuelled by cost cutting and competition. This increase in unemployment is confirmed by the study of Browne and Braun (2008) which state that numerous aspects of globalization impact the workforce, including poverty in developed, developing and transitioning economies. Additionally, Woods (1998) stated that the old roles of the state in the economy become anachronistic. For instance, subsidizing “national producers” to protect levels of employment, or setting minimum wages or working conditions. The states recognize that such policies disadvantage them in a new area of global competition. Hence, besides the increased dismissals, there might be a decrease in (real) wages because companies cut down on costs of undertaking businesses in order to remain competitive. This decrease in wage is linked with extrinsic factors. As a result of the decrease in (real) wages, there is a decrease in job satisfaction. This is in accordance with the perspective of the Neo-Fordists. They argue that the overall quality of jobs for most workers has declined in the last 20 years, particularly in terms of extrinsic material rewards (Handel, 2005; Harrison, 1994).

In conclusion, it is expected that working conditions and wages can deteriorate as a results of the global competition. However, while global competition may depress wages and working conditions in some parts of the world, it may at the same time open up new entry points into the formal economy (Woods, 1998). It seems that globalization has the potential to spread
production and wealth out to the margins of the world economy and to disperse inequalities among and within countries.

Other positive aspects of globalization are global market opportunities like the increase in market potential, trade and investment potential, and resource accessibility (Contractor & Lorange, 1988; Fawcett & Closs, 1993; Jones, 2002; Levitt, 1983; Shocker et al., 1994). To link this with job satisfaction, as a result of this increase in opportunities, intrinsic factors such as self-fulfillment and self-growth, which are positively related to job satisfaction, might increase. Moreover, when there are more market opportunities, self-employed as well as employees intrinsic work motivation might be increased. According to Lu (1999), intrinsic work motivation is positively related to overall job satisfaction and therefore globalization accompanied by the increase in market opportunities and investment potential will increase overall job satisfaction. This is the most obvious/straightforward argument why globalization may have a positive effect on job satisfaction.

Another reason why globalization and job satisfaction might be positively related is discussed by Kelly (1992). He argues that job redesign seems to improve job satisfaction. Where job redesign leads to employee perceptions of improved job content, employees are likely to experience higher job satisfaction. Therefore, job satisfaction could be increased as a result of job redesign caused by globalization. Another argument which support an increase in job satisfaction is related to interpersonal relations. Interpersonal relations can prevent job dissatisfaction (Baron & Greenberg, 1990). According to Ritzer (2010), globalization is accompanied by technological advances that have contributed greatly to the globalization of commerce and of interpersonal relations. Before the globalization, interpersonal relations were restricted within the country. Companies traded mostly with other companies within the same country. However, nowadays interpersonal relations are increasingly existent across borders since enterprises are doing business with enterprises abroad. Therefore there is an increase in contact with the outside world and hence the increase in interpersonal relations might prevent job dissatisfaction. Besides the fact that interpersonal relations are increasingly existent across borders, it seems that there has been an increasing trend towards more cooperation among firms (Evans, 2001; Hoskisson, Hitt & Ireland, 2004). To achieve superior marketing performance in the globalization era, firms need to manage relationships with partners, customers, and different parties in the value chain (Webster, 1992).
3.2. Hypotheses

From the existing empirical literature it is not clear whether globalization increases or decreases job satisfaction. In the existing literature, there are arguments why globalization could be negatively related to job satisfaction like the increased fear of dismissal as a result of the increased uncertainty. Moreover, it is expected that wages decrease and that working conditions can deteriorate. However, arguments why globalization could be positively related to job satisfaction abound. Opportunities and intrinsic work motivation are expected to increase. Additionally, as a result of globalization there will be job redesign leading to employee perceptions of improved job content. Furthermore, personal relations will increase because of increased cooperation among firms and across borders. Based on all these arguments it is expected that job satisfaction will increase as a result of globalization. In order to test if globalization is indeed positively related to job satisfaction the following hypothesis is tested in the empirical analysis:

**Hypothesis 1:** Globalization is significantly positively related to job satisfaction.

From the existing literature it can be concluded that intrinsic factors will be increased by globalization because of the increased opportunities. Employees find extrinsic factors more important aspects of their job, whereas self-employed value more the intrinsic aspects of the job (Taylor, 1996). Because the intrinsic factors will be increased by globalization, the self-employed will experience a higher increase in the level of job satisfaction compared to employees. To investigate whether the relationship between globalization and job satisfaction indeed differs between self-employed and employees, the following hypothesis is tested:

**Hypothesis 2:** The positive relation between globalization and job satisfaction is significantly stronger for the self-employed than for employees.

Besides the distinction between self-employed and employees, there will be made a distinction between high and low educated workers. There might be more pressure for low skilled workers as a result of globalization because globalization is accompanied by the emergence of abundant low skilled workers. Accordingly, the increase in the level of job satisfaction of less educated workers will be moderated and therefore high educated workers are expected to experience a higher increase in the level of job satisfaction compared to low educated workers.
Goos, Manning and Salomons (2009) state that there is the view that globalization in general, and offshoring in particular, is an important source of change in the job structure in the richest countries. Some occupations are growing in importance while other occupations are declining. It is observed that the largest declines are observed for craft workers, machine operators, and office clerks (Goos et al., 2009) which are typically occupations for low skilled workers. This decline can be explained by the fact that routine jobs, which are concentrated in manufacturing, are being offshored most often (Goos et al., 2009). Therefore it is expected that the positive relation between globalization and job satisfaction might be less strong for low educated workers as a result of the increased pressure. The difference between high and low educated workers is captured in the final hypothesis:

**Hypothesis 3:** The positive relation between globalization and job satisfaction is significantly stronger for the high educated workers than for low educated workers.
4. Data and methodology

This chapter will discuss the data and methodology. In paragraph 4.1 the construction of the data will be discussed. Thereafter, the sample selection is described in paragraph 4.2 and paragraph 4.3 will give information about the regression model used in this study, which is the ordered logistic regression. Subsequently, the model and variables will be discussed in paragraph 4.4.

4.1 Construction of the data

For the purpose of identifying the relation between globalization and job satisfaction, data are constructed by employing two separate databases. First, data about job satisfaction is retrieved from the European Values Study, a large-scale, cross-national, and longitudinal survey research program on basic human values. This study provides insights into the ideas, beliefs, preferences, attitudes, values and opinions of citizens all over Europe. It is a unique research project on how Europeans think about life, family, work, religion, politics and society. The dataset includes all individual survey responses and hence all observations in this survey refer to single individuals. The European Values Study are conducted during 4 waves: 1981, 1990, 1999 and 2008. The advantage of using data from the European Value Survey is that data about job satisfaction can be compared during the four waves of the survey, starting from 1981. Second, data are obtained from the WorldBank national accounts data, and OECD National Accounts data file, which provide international time series data. These data are used to create the variable openness which will be used to measure the degree of globalization. This variable is defined as the ratio of exports plus imports to GDP. Further information about this variable will be given in section 4.4.1.

4.2 Sample selection

The sample consist of 10 EU-15 countries. There are two requirements the country should meet to be selected in the sample. The first requirement is that the country should be an EU-15 area country. The definition of EU-15 is based on the number of member countries in the European Union prior to the accession of 10 candidate countries on the 1st of May 2004. The EU-15 consist of the following 15 countries: Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, Netherlands, Portugal, Spain, Sweden and the United Kingdom. Secondly, the country should participate in the European Values Study since the first wave. The European Values Study started in 1981, when a thousand citizens in the European Member States of that time were interviewed using standardized questionnaires. Every nine years, the survey is repeated in an increasing number of countries. The second
wave of the European Values Survey took place in 1990, the third wave in 1999 and the fourth wave in 2008. When the country participated since the first wave the best insights can be provided since the change in the openness measure and the change in the level of job satisfaction can be investigated during all four waves. For 10 of the EU-15 countries, information about job satisfaction can be tracked since the first wave. As a result the sample consist of 10 countries, which are Belgium, Denmark, France, Germany, Ireland, Italy, Netherlands, Spain, Sweden, United Kingdom. The distribution of observations across this sample is showed below.

**Table 1: Distribution of observations across sample**

<table>
<thead>
<tr>
<th>Country</th>
<th>Observations</th>
<th>Percentage</th>
<th>Cumulative</th>
</tr>
</thead>
<tbody>
<tr>
<td>Belgium</td>
<td>7358</td>
<td>12.25</td>
<td>12.25</td>
</tr>
<tr>
<td>Germany</td>
<td>7548</td>
<td>12.57</td>
<td>24.82</td>
</tr>
<tr>
<td>Denmark</td>
<td>4742</td>
<td>7.90</td>
<td>32.71</td>
</tr>
<tr>
<td>Spain</td>
<td>7640</td>
<td>12.72</td>
<td>45.44</td>
</tr>
<tr>
<td>France</td>
<td>5318</td>
<td>8.85</td>
<td>54.29</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>7328</td>
<td>12.20</td>
<td>66.49</td>
</tr>
<tr>
<td>Ireland</td>
<td>4242</td>
<td>7.06</td>
<td>73.55</td>
</tr>
<tr>
<td>Italy</td>
<td>6885</td>
<td>11.46</td>
<td>85.02</td>
</tr>
<tr>
<td>Netherlands</td>
<td>4795</td>
<td>7.98</td>
<td>93.00</td>
</tr>
<tr>
<td>Sweden</td>
<td>4203</td>
<td>7.00</td>
<td>100.00</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>60059</strong></td>
<td><strong>100.00</strong></td>
<td></td>
</tr>
</tbody>
</table>

4.3 Ordered logistic regression
Following the literature about job satisfaction (see, e.g. Blanchflower, 2000), the relationship between globalization and job satisfaction will be estimated by an ordered logistic regression with a full set of country and year dummies. The ordered logistic regression is a logistic regression used for ordinal dependent variables. In this paragraph the logistic regression and subsequently the ordered logistic regression will be discussed.

The logistic regression is a nonlinear regression model that forces the predicted values to be either 0 or 1. So in other words, the logistic model is used when the dependent variable is binary.
The logistic model is the following (Stock & Watson, 2007):

\[ \Pr(Y = 1|X_1, X_2, \ldots, X_K) = \frac{1}{1 + e^{-(\beta_0 + \beta_1 X_1 + \beta_2 X_2 + \ldots + \beta_K X_K)}} \]

The logistic regression is used when the dependent variable is binary. When the dependent variable consists of multiple categories, the multinomial logistic regression is the appropriate model to use. When a dependent variable has more than two categories and the values of each category have a meaningful sequential order where a value is higher than the previous one, the ordered logistic regression is used. In this case, the dependent variable is called an ordinal dependent variable. The level of job satisfaction is such an ordinal dependent variable since the value can be ordered from 1 when the person is dissatisfied with his/her job till 10 when the person is satisfied with his/her job. Hence, the ordered logistic regression is the appropriate regression model to use in the empirical analysis.

The ordered logistic regression, like binary and multinomial logistic regression, uses maximum likelihood estimation, which is an iterative procedure. The first iteration, also called iteration 0, is the log likelihood of the “null” or “empty” model. This “null” or “empty” model is a model with no predictors. At the next iteration, the predictors are included in the model. At each iteration, the log likelihood increases since the goal is to maximize the log likelihood. When the difference between the sequential iterations is very small, the model has "converged", that is, it approached a limit. At this point, the iterating stops and the results will be displayed.

The ordered logistic model has the following form:

\[ \text{logit}(p_1) \equiv \log \frac{p_1}{1 - p_1} = \alpha_1 + \beta' x \]

\[ \text{logit}(p_1 + p_2) \equiv \log \frac{p_1 + p_2}{1 - p_1 - p_2} = \alpha_2 + \beta' x \]

\[ \text{logit}(p_1 + p_2 + \ldots + p_k) \equiv \log \frac{p_1 + p_2 + \ldots + p_k}{1 - p_1 - p_2 - \ldots - p_k} = \alpha_k + \beta' x \]

and \( p_1 + p_2 + \ldots + p_{k+1} = 1 \)
4.4 The model
The ordered logistic model will be used in the empirical analysis. The model includes the variable openness in order to measure the relationship between globalization and job satisfaction. This is a variable which represents the openness of a country as the ratio of exports plus imports to GDP. Moreover, age, gender and education will be incorporated as control variables. As a result, the equation will look as follows:

\[
\text{Job satisfaction}_{ict} = \beta_0 + \beta_1 \text{openness}_{ict} + \beta_2 \text{education}_{ict} + \beta_3 \text{gender}_{ict} + \beta_4 \text{age}_{ict} \\
+ \beta_c + \beta_t + \varepsilon_{ict}
\]

where \(i\) stands for individual worker, \(c\) indexes country and \(t\) years.

**Job satisfaction:** The dependent variable is job satisfaction, which is an ordinal dependent variable ranging from 1 till 10 with a mean of 7.32. The variable takes the value 1 when the person is dissatisfied with his/her job till 10 when the person is satisfied with his/her job. The question in the survey which is used to measure this dependent variable is: “How satisfied are you with your job?”

**Openness:** To investigate the relationship between globalization and job satisfaction, a variable should be constructed which can measure the degree of globalization. This variable will be the explanatory variable which represents the openness of the country. In other words, it measures the openness to the global economy. The existing literature about globalization has used mostly outcome-based indices such as the intensity of trade. Accordingly, in this research, the share of trade in GDP, defined as the ratio of exports plus imports to GDP is used to measure the openness.

\[
[\text{Openness}]_{ct} \equiv \frac{\text{Imports of goods and services}_{ct} + \text{Exports of goods and services}_{ct}}{\text{GDP}_{ct}}
\]

The variable will be constructed using data from *World Development Indicators* produced by the World Bank. It is noteworthy to mention that imports and exports of goods and services represent the value of all goods and other market services exchanged with the rest of the world. They include the value of merchandise, freight, insurance, transport, travel, royalties, license fees, and other services, such as communication, construction, financial, information, business, personal, and government services. They exclude compensation of employees and investment income (formerly called factor services) and transfer payments.
Okpara (2004) found empirical results which showed that personal characteristics were significant predictors of job satisfaction. Therefore personal information is included to control for personal factors which might affect the level of job satisfaction. In this research, the personal information included as control variables are gender, education and age.

**Gender:** Previous studies have found that women express themselves as more satisfied at work than men. For instance, Shields and Ward (2001) identified a significant gender effect, with males reporting lower levels of overall job satisfaction than females. Sloane and Williams (2000) mentioned that men may seek jobs in which pecuniary factors such as overtime hours are emphasized which could be an important explanation of the gender job satisfaction differential. Dex (1988) argues that controlling for differences in occupations and work content between men and women often eliminates much of the apparent difference in the level of job satisfaction. Clark (1996) found two explanations for this. First, women are more likely to compare work with the alternative of housework and simply report themselves as more satisfied because they are happy to be in the workforce. This argument applies only to married women or single women with dependants. Second, less satisfied women may find it easier to leave the labour force than men and as a result the observed distribution of job satisfaction is biased. In this case, there is a sample selection problem. To control for the gender job satisfaction differential, the variable gender is incorporated in the model.

**Education:** Another control variable which is incorporated in the regression is education. Lok and Crawford (2004) found a significant negative effect of education on job satisfaction. However, a study by Glenn, Taylor and Weaver (1977) discusses the indirect positive effect of education on job satisfaction due to the strong association between education and extrinsic rewards. The highest educational level attained of the respondent will be incorporated to control for differences in education. These educational levels are ordered into categories, which are as follows: (1) inadequately completed elementary education; (2) completed (compulsory) elementary education; (3) incomplete secondary school: technical/vocational type; (4) complete secondary school: technical/vocational type/secondary; (5) incomplete secondary: university-preparatory type/secondary; (6) complete secondary: university-preparatory type/full secondary; (7) some university without degree/higher education – lower-level tertiary; (8) university with degree/ higher education – upper-level tertiary.

**Age:** Finally, Age is included in the regression as a control variable to control for age differences in job satisfaction. Previous research on work satisfaction has consistently shown
that older people are more satisfied with their jobs than younger people. Wright and Hamilton (1978) discuss three possible explanations for this tendency. The first argument can be found at the revolutionary youth, which subscribes to a set of post-material values that contradict the demands of the industrial system and cause greater work discontent. The second argument has to do with the older generations whose standards are systematically eroded by their years and hence they learned to be satisfied with less. The third argument is that older workers simply have better jobs. This can be confirmed by the job change hypothesis which argues that satisfaction increases with age because the fit between needs and job improves over the career since people move into better jobs as their careers develop.

Table 2: List of variables

<table>
<thead>
<tr>
<th>VARIABLE NAME</th>
<th>DEFINITION</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Dependent variable:</strong></td>
<td></td>
</tr>
<tr>
<td>Job satisfaction</td>
<td>“How satisfied are you with your job?”</td>
</tr>
<tr>
<td><strong>Independent variable:</strong></td>
<td></td>
</tr>
<tr>
<td>Openness</td>
<td>The ratio of exports plus imports to GDP</td>
</tr>
<tr>
<td><strong>Control variables:</strong></td>
<td></td>
</tr>
<tr>
<td>Education</td>
<td>Highest educational level attained</td>
</tr>
<tr>
<td>Gender</td>
<td>Male (coded as 0) versus female (coded as 1)</td>
</tr>
<tr>
<td>Age</td>
<td>Age of respondent in years</td>
</tr>
</tbody>
</table>

In addition to including education, gender and age as control variables, the regressions control for country fixed effects ($\beta_c$) and year fixed effects ($\beta_t$). The country and year dummies control for common time effects and country effects that may affect the level of job satisfaction. For instance, people in one country may respond differently than those in another country, e.g. the Dutch may be relatively optimistic, since they have the mentality that everything will work out. Accordingly, people with the same true satisfaction respond more positively to the question ‘Are you satisfied with your job?’ than the potentially more reserved British (Blanchflower, 2000). Therefore country dummies are included to compare responses to satisfaction questions across countries. Moreover, all models are computed with robust standard errors clustered at the country-level. The robust approach, as advocated by White (1980), captures heteroskedasticity by assuming that the variance of the residual, while non-constant, can be estimated as a diagonal matrix of each squared residual. In other words,
by using robust standard errors, possible serial correlation and heteroskedasticity in the error term is allowed.

The regression will be performed 5 times. The first time the regression is performed including the whole sample. Afterwards, the regression is repeated making a distinction between employees and self-employed and thereafter making a distinction between low educated people and high educated workers. In order to investigate more in depth the relationship between globalization and job satisfaction the regressions will be repeated including satisfaction with job security as the dependent variable instead of job satisfaction.

By including satisfaction with job security as the dependent variable, it can be investigated whether the relationship between globalization and job satisfaction has to do with a possible change in the level of satisfaction with job security. Job security can be defined as the probability that an individual will keep his or her job. In other words, the higher the level of job security, the smaller the chance of becoming unemployed. This variable is also an ordinal dependent variable ranging from 1 till 10 with a mean of 7.43. The variable takes the value 1 when the person is dissatisfied with his/her job security till 10 when the person is satisfied with his/her job security. The question in the survey which measures this variable is as follows: “How satisfied are you with job security?” In the next chapter, all the results of these regressions will be discussed.
5. Results and discussion

In this chapter, the results of the regressions will be discussed. Firstly, the results of the analysis are provided. Thereafter, in paragraph 5.1, the outcomes per hypothesis are discussed in more detail. In paragraph 5.2, there is a discussion of the control variables and finally paragraph 5.3 discusses the results of the regressions with ‘satisfaction with job security’ as the dependent variable.

As explained in the previous chapter, the regression is performed 5 times. Specification 1 includes the whole sample. Afterwards, the regression is repeated making a distinction between employees and self-employed. Specification 2 presents the estimates for job satisfaction of the self-employed, whereas specification 3 presents the estimates for job satisfaction of employees. Thereafter, it is tested whether the relationship between globalization and job satisfaction differs between highly and less educated workers. The difference between highly and less educated workers is made on the basis of educational attainment at the university, in other words, whether the person attained a degree at the university. Specification 4 presents the estimates for highly-educated workers, that is, persons who have obtained an university diploma. Specification 5 presents the estimates for less educated workers, that is, persons who have not obtained a degree at the university. Table 3 presents the results of the 5 ordered logistic estimates for job satisfaction.

Table 3: Ordered logistic estimates for job satisfaction

<table>
<thead>
<tr>
<th>Models:</th>
<th>(1)</th>
<th>(2)</th>
<th>(3)</th>
<th>(4)</th>
<th>(5)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sample</td>
<td>Overall</td>
<td>Self-employed</td>
<td>Employees</td>
<td>Highly educated workers</td>
<td>Less educated workers</td>
</tr>
<tr>
<td>Openness</td>
<td>-0.005838** (0.0025249)</td>
<td>-0.0125623** (0.0055997)</td>
<td>-0.0063108** (0.0029891)</td>
<td>-0.008616** (0.0037475)</td>
<td>-0.0052352 (0.0033006)</td>
</tr>
<tr>
<td>Education</td>
<td>0.0330669** (0.0150764)</td>
<td>-0.0046627 (0.0338609)</td>
<td>0.0377855** (0.0166494)</td>
<td>-0.0033314 (0.0779971)</td>
<td>0.028673 (0.0217432)</td>
</tr>
<tr>
<td>Gender</td>
<td>-0.056161* (0.0313924)</td>
<td>0.0372949 (0.1533645)</td>
<td>-0.0312136 (0.0253604)</td>
<td>-0.0144211 (0.0511659)</td>
<td>-0.071881* (0.0390821)</td>
</tr>
<tr>
<td>Age</td>
<td>0.0155755*** (0.0023402)</td>
<td>0.0071215* (0.0038194)</td>
<td>0.0147011*** (0.0019455)</td>
<td>0.0177924*** (0.0027664)</td>
<td>0.0145436*** (0.0024873)</td>
</tr>
<tr>
<td>Country dummies</td>
<td>YES</td>
<td>YES</td>
<td>YES</td>
<td>YES</td>
<td>YES</td>
</tr>
<tr>
<td>Year dummies</td>
<td>YES</td>
<td>YES</td>
<td>YES</td>
<td>YES</td>
<td>YES</td>
</tr>
<tr>
<td>Pseudo R²</td>
<td>0.0093</td>
<td>0.0136</td>
<td>0.0092</td>
<td>0.0111</td>
<td>0.0086</td>
</tr>
<tr>
<td>Observations</td>
<td>15533</td>
<td>1615</td>
<td>13544</td>
<td>4889</td>
<td>10644</td>
</tr>
</tbody>
</table>

Notes: *Significant at 10 per cent level; **Significant at 5 per cent level; ***Significant at 1 per cent level

The logistic regression does not have an equivalent to the R-squared that is found in OLS regression. Nevertheless, the logistic regression has the pseudo R-squared statistic. The Pseudo R², also called the McFadden’s pseudo R-squared, is not very high. However, this
statistic does not mean ‘the proportion of variance for the response variable explained by the predictors’ as what R-squared means in OLS regression. Therefore this statistic should be interpreted with great caution.

5.1 Discussion of hypotheses
First, hypothesis 1 “Globalization is significantly positively related to job satisfaction” will be discussed. From column 1 it can be concluded that globalization is significantly negatively associated with job satisfaction and hence hypothesis 1 is rejected. There are several theoretical reasons why the relationship between globalization and job satisfaction could be negative. Theoretically, increased globalization might create a work environment where employees can excel at their jobs, since it creates new opportunities. However this might increase the pressure on employees. Moreover, there is more competition, and hence more focus on profit maximizing in spite of employee satisfaction. This might deteriorate working conditions. Moreover, globalization will depress wages because of the increased competition. In addition, globalization might entail increased uncertainty, because organizations are economizing with fewer personnel. Whether job security has to do with the decrease in job satisfaction will be examined in paragraph 5.3.

From the results it can be concluded that hypothesis 2 “The positive relation between globalization and job satisfaction is significantly stronger for the self-employed than for employees” is rejected. The relationship between globalization and job satisfaction does not differ significantly between self-employed and employees since the estimates for both categories are approximately the same. For both the self-employed and the employees, globalization is negatively associated with job satisfaction. However, for the self-employed intrinsic factors are more important whereas employees value more the extrinsic factors of a job. It is expected that there is a decrease in extrinsic factors for employees, for instance a decrease in wage. For the self-employed, globalization might negatively affects job satisfaction since in the era of globalization, increased competition makes it harder for a business to grow and prosper and hence there might be a decrease in intrinsic factors such as achievement and opportunities for advancement and growth. Since the relation between globalization and job satisfaction does not differ significantly between self-employed and employees, it seems that the decrease in extrinsic factors affects the level of job satisfaction of employees to the same extent as the decrease in intrinsic factors affects the level of job satisfaction of the self-employed.
Finally, hypothesis 3 “The positive relation between globalization and job satisfaction is significantly stronger for the high educated workers than for low educated workers” is discussed. What is notable, is that the significantly negative association between globalization and job satisfaction is not apparent for the low educated workers. There is a significantly negative relationship between globalization and job satisfaction for high educated workers, while there is no significantly negative relationship for low educated workers. Globalization depresses wages, which could be an explanation for the decrease in job satisfaction. It could be that the wages of low educated workers cannot decrease as much as it would affect the level of job satisfaction because it is not possible that wages decrease below the minimum wage and hence the significantly negative relationship between globalization and job satisfaction is not apparent for the low educated workers.

In the theory it is explained that employees care more about the extrinsic aspects of their job, whereas entrepreneurs value more the intrinsic aspects of their job. It seems that increases in educational attainment are generally found to lead to increases in the probability of being self-employed (Blanchflower, 2000). Therefore high educated workers are expected to value more the intrinsic aspects of their job just as the self-employed and low educated workers are expected to value more the extrinsic aspects of their job. If this is the case, the argument why there is no significant decrease of job satisfaction will be strengthen since there is not a sufficient decrease in wages to affect the level of job satisfaction and it appears that the intrinsic factors are less important for low educated people and therefore the change in intrinsic factors as a result of globalization do also not affect the level of job satisfaction. However for the high educated people there might be a change in the intrinsic factors which affect the level of job satisfaction.

5.2 Discussion of control variables
In this paragraph, the estimations of the 3 chosen control variables will be discussed. Firstly, the sign of the control variable education is significantly positive, which indicates that education has a positive effect on job satisfaction. This is in accordance with the indirect positive effect of education on job satisfaction due to the strong association between education and extrinsic rewards discussed by Glenn et al. (1977). Secondly, from the empirical analysis it can be concluded that male report on average higher level of job satisfaction than female which is contradictory with previous studies since these found that women express themselves as more satisfied at work than men. Dex (1988) argues that controlling for differences in occupations and work content between men and women often
eliminates much of the apparent difference in the level of job satisfaction. Moreover, job satisfaction may be higher when pay is higher and hence the male-female earnings gap could be an explanation for the higher reported levels of job satisfaction by male. Finally, it seems that age is significantly positively associated with job satisfaction. This is consistent with previous research on work satisfaction which has consistently shown that older people are more satisfied with their jobs than younger people. The arguments for this tendency are discussed in the previous chapter, in paragraph 4.4.1.

5.3 Discussion of satisfaction with job security

In this paragraph it is investigated whether the negative relationship between globalization and job satisfaction has to do with a possible change in the level of satisfaction with job security. One of the reasons for lower job satisfaction during the era of globalization could be less security. A number of studies found that job security is associated with reduced levels of job satisfaction (e.g. Ashford, Lee & Bobko, 1989; Davy, Kinicki & Schneck, 1997). Workers who felt insecure about their job report lower levels of job satisfaction compared to persons who seeming their future position more secure. To investigate whether job security is the underlying factor in the negative relationship between globalization and job satisfaction, the ordered logistic regression will be repeated including ‘satisfaction with job security’ as dependent variable. Table 4 presents the results of these ordered logistic estimates.

Table 4: Ordered logistic estimates for satisfaction with job security

<table>
<thead>
<tr>
<th>Models:</th>
<th>Sample</th>
<th>Overall</th>
<th>Self-employed</th>
<th>Employees</th>
<th>Highly educated workers</th>
<th>Less educated workers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Openness</td>
<td>0.0039404*** (0.0001851)</td>
<td>0.0033387*** (0.0008205)</td>
<td>0.0038592*** (0.0002094)</td>
<td>0.0079485*** (0.0008731)</td>
<td>0.0028628*** (0.000928)</td>
<td></td>
</tr>
<tr>
<td>Education</td>
<td>0.050133** (0.0217851)</td>
<td>-0.0285195 (0.090753)</td>
<td>0.0666608*** (0.0194725)</td>
<td>0.0732205 (0.225905)</td>
<td>0.0807215*** (0.0252918)</td>
<td></td>
</tr>
<tr>
<td>Gender</td>
<td>-0.0689048 (0.1095483)</td>
<td>-0.0070987 (0.2742626)</td>
<td>-0.0846555 (0.11188)</td>
<td>-0.0787445 (0.1024229)</td>
<td>-0.073391 (0.1434577)</td>
<td></td>
</tr>
<tr>
<td>Age</td>
<td>0.0139383*** (0.0014113)</td>
<td>0.007343 (0.010826)</td>
<td>0.0145294 (0.009327)</td>
<td>0.0198858 (0.0165851)</td>
<td>0.0139501*** (0.0032849)</td>
<td></td>
</tr>
<tr>
<td>Country dummies</td>
<td>YES</td>
<td>YES</td>
<td>YES</td>
<td>YES</td>
<td>YES</td>
<td></td>
</tr>
<tr>
<td>Year dummies</td>
<td>YES</td>
<td>YES</td>
<td>YES</td>
<td>YES</td>
<td>YES</td>
<td></td>
</tr>
<tr>
<td>Pseudo R²</td>
<td>0.0161</td>
<td>0.0291</td>
<td>0.0161</td>
<td>0.0260</td>
<td>0.0141</td>
<td></td>
</tr>
<tr>
<td>Observations</td>
<td>3024</td>
<td>395</td>
<td>2533</td>
<td>695</td>
<td>2329</td>
<td></td>
</tr>
</tbody>
</table>

Notes: *Significant at 10 per cent level; **Significant at 5 per cent level; ***Significant at 1 per cent level

From this table it can be concluded that globalization is significantly positively related to the level of satisfaction with job security. Accordingly, globalization is significantly negatively related to the level of job satisfaction while it is significantly positively related to the level of
satisfaction with job security. This significantly positive relation between globalization and satisfaction with job security is also perceived by Westover (2008). In the analysis of Westover (2008), data from eight countries is included, including the U.S., Israel, the Netherlands, West Germany, the United Kingdom, Italy, Norway, and Hungary. In this analysis, it is found that while the perceived importance of pay and promotional opportunities for respondents in all countries has increased, the perceived importance of job security, interesting work, and job autonomy has declined in the same time period. Hence, the decrease in the level of job satisfaction given the increase in satisfaction of job security can be explained by this result. Job security increased while the perceived importance of job security has declined. The perceived importance of pay and promotional opportunities has increased and hence when these aspects of job satisfaction decrease, the level of job satisfaction will decrease despite the increase in satisfaction with job security. Therefore it is expected that promotional opportunities and wages have decreased as a result of globalization.

There is another possibility which could cause the fact that globalization is significantly negatively related to the level of job satisfaction while it is significantly positively related to the level of satisfaction with job security. Because of the increasingly integrated global economy, there is an increase in competition. As a result, firms are more focused on saving costs and staying flexible. Therefore companies don't want new permanent employment contracts because with this type of contract it is very difficult and expensive to fire less efficient employees. The type of statutory employment contract which will be more common for new employees will be temporary. Therefore the employees prefer to stay at their old familiar job where the type of statutory employment contract is indefinite, that is with high job security, instead of switching jobs and having the chance of getting unemployed when the employment contract is not extended. Accordingly, people are less likely to switch jobs due to this uncertainty whether the new company will extend the temporary contract. Since employees keep their old job during times of globalization, the job security increases because the employer cannot just fire you when you have a permanent contract. However, when employees reluctantly stay at their old job which is not stimulating or challenging anymore, the level of job satisfaction will decrease. Thus, essentially the explanation for the significantly positive association between globalization and satisfaction with job security given the significantly negative association between globalization and job satisfaction could be a lower turnover as a result of the increased global competition.
Wandera (2011) acknowledges that the use of temporary workers is growing rapidly. “The number of companies using temporary workers was on the increase as global competition increased and the urge to cut down on costs of undertaking businesses in order to remain competitive rises” (Wandera, 2011, p.184). The use of temporary workers has spread across industries, from manufacturing to services and other occupations, including construction workers, bankers and information technologists. Ochel (2009) also asserts that in a globalised world structural change is essential if Europe is to preserve its competitive edge. According to him, employment protection is a major obstacle to structural change. Ochel (2009) found that according to the OECD, the summary indicator of the strictness of employment protection legislation (EPL) is relatively high in European countries, with the exception of the United Kingdom, Ireland, Switzerland and Denmark. However, during the last one and a half decades, reforms of EPL have taken place in some European countries. These countries are Belgium, Denmark, Germany, Greece, Italy, the Netherlands and Sweden. In these countries, the contracts for temporary jobs are relaxed, whereas the existing provisions for permanent contracts are unaltered. So the institutional arrangements for incumbent workers are kept virtually intact. However, less strictness of EPL for temporary employment provides greater flexibility at the margin of the core labour market.

As a result of these reforms of temporary forms of employment which were essential in a globalised world there might be less turnover since employees keep their old job because of the job security as the employment protection legislation for incumbent workers has not been changed. However, when employees reluctantly stay at their old job which is not stimulating or challenging anymore, the level of job satisfaction will decrease. The significant increase in satisfaction with job security is apparent for both low and high educated people. However, the significant decrease in job satisfaction is only apparent for high educated people. This could be explained by the motive that high educated people miss the intrinsic factors in their job, whereas the low educated people do not care as much about this intrinsic factors in such a way that it will affect the level of job satisfaction since the low educated people care more about extrinsic factors, like wage. However as explained before, their wage cannot decrease much because of the minimum wage law and hence there is no significantly negative association between globalization and the level of job satisfaction for this category.
6. Conclusions and recommendations

This chapter will discuss the conclusions and recommendations for future research. In paragraph 6.1, the conclusions of this research are discussed. Thereafter, in paragraph 6.2, the limitations of the research are discussed followed by the recommendations for future research, in which it is suggested how the limitations could be overcome in future.

6.1 Conclusions

The main conclusion of this research is that globalization is negatively related to job satisfaction. However, employee satisfaction seems to be of essential importance in an organization. Therefore managers should take into account the level of job satisfaction in this increasingly integrated global economy instead of just focusing on profit maximization and cost saving in the short term. Another significant result of this research is that globalization is positively related to satisfaction with job security. Since globalization is positively related to satisfaction with job security, while it is negatively related to job satisfaction, it is expected that globalization negatively affects other aspects of job satisfaction like promotional opportunities and wage. In the recommendations for future research it will be discussed how incorporating other aspects of job satisfaction besides job security would enrich the analysis and its conclusions.

In this research, no explanations can be given regarding the effect of globalization on other aspects of job satisfaction in addition to job security. However, one possible explanation is given for the contradicting result of the significantly positive relationship between globalization and satisfaction with job security as opposed to the significantly negative relationship between globalization and job satisfaction. Employees keep their old job during times of globalization because the employer cannot just fire you when you have a permanent contract and accordingly the job security increases. However, when employees reluctantly stay at their old job which is not stimulating or challenging anymore, the level of job satisfaction will decrease. This might be the result of the reforms of temporary forms of employment in which the contracts for temporary jobs are relaxed in order to preserve the competitive edge of Europe in this globalised world.

It seems that the relationship between globalization and job satisfaction does not significantly differ between the self-employed and employees. Instead, when making a distinction between low and high educated workers, it seems that globalization is negatively related to job satisfaction for high educated workers, while there is no significantly negative relation for low
educated workers. It is expected that low educated people do not care as much about the intrinsic factors of their job in such a way that it will affect the level of job satisfaction since the low educated people care more about extrinsic factors such as wage. However the wage of low educated people cannot decrease much because of the minimum wage law and hence there is no significantly negative relation between globalization and the level of job satisfaction for less educated workers.

In the interest of maximizing the gains and minimizing any potential losses from globalization, people should be encouraged to switch jobs in order to have the job they find most challenging instead of staying at their old comfortable job because of job security. The gains of globalization in terms of job satisfaction could be maximized when people find high intrinsic factors in their job. When there will be high intrinsic factors in the job, the level of job satisfaction will increase. From the existing literature it can be concluded that an increase in the level of job satisfaction will increase the productivity (e.g. Moorman, 1993). Accordingly, the income can increase because of high job performance. In this case globalization can increase the average incomes, which could further increase the level of job satisfaction. Therefore managers should also take into account the level of job satisfaction instead of simply cutting down costs in order to remain competitive.

6.1 Limitations and future research

The relationship of people to work is interactive, reciprocal, and complex. Specifically, work affects and is affected by individual, economic, social, cultural, and other factors (Blustein, 2008) which makes job satisfaction a complicated concept. Therefore, it is complicated to investigate the impact of globalization on job satisfaction and a lot of data is necessary to control for all these other factors.

The main limitation is the limited amount of control variables. For instance, the regressions should also include controls such as marital status because married people might respond more positively to the question ‘are you satisfied with your job?’ than unmarried or divorced people since they might be more satisfied with their life in general. Moreover, occupational information should be included in order to control for occupational factors which affect job satisfaction such as years in the current job, type of the current job, company type and company size. Besides including occupational information, it might be interesting to investigate whether the effect of globalization on job satisfaction differs across different job categories. For instance, a distinction can be made between service sector jobs and industrial
jobs since Westover (2008) found that workers in industrial jobs tend to value more extrinsic workplace characteristics while workers in service sector jobs tend to value intrinsic workplace characteristics. Incorporating occupational information and making a distinction between different job categories provide promising lines of future research.

This study is restricted to 10 EU-15 member countries. It could be interesting for future research to investigate if a similar relationship between globalization and job satisfaction can be observed in the United States. Moreover, it might be interesting to investigate whether the effect differs in developing countries compared to developed countries since it appears that globalization has a large positive effect on developing countries. Another recommendation for future research is to investigate whether the relation between globalization and job satisfaction differs across industries, which could not be done in this research due to data limitations. However, incorporating different industries would enrich the analysis and its conclusions.

The final limitation is related to the measurement of job satisfaction. Job satisfaction is measured using the European Value Survey. However, the data from the European Value Survey is not very extensive when it comes to job satisfaction. Job satisfaction and satisfaction with job security are the two variables in the survey which are relevant in order to test the relation between globalization and job satisfaction. When the survey included besides the questions ‘How satisfied are you with your job?’ and ‘How satisfied are you with job security?’ questions like ‘How satisfied are you with pay/supervision/policies/working conditions/interpersonal relations/opportunities for advancement and growth?’ the results of the research could be more elaborated. For instance when wage will be included, it is possible to check whether it is indeed the case that wages depress as a result of globalization and whether this possible decrease in wage causes the decrease in job satisfaction. On that account, future research should include more complete measures of employee job satisfaction tapping multiple dimensions of their job quality such as job facets like pay, promotions, supervision, co-workers. Incorporating all these different aspects which influence job satisfaction in future research will permit a more detailed analysis and a better understanding of the relationship between globalization and job satisfaction.
Reference list


