

DISCUSSION PAPER SERIES

IZA DP No. 14909

**Being Your Own Boss and Bossing Others:
The Moderating Effect of Managing Others
on Work Meaning and Autonomy for the
Self-Employed and Employees**

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DECEMBER 2021

Furthermore, supervisor status, which is a binary indicator for whether the respondent manages other people or not, is both a key independent variable and a moderator. In separate regressions, we also consider the number of people the respondent supervises. Because the distribution of this variable is very right-skewed (skewness=54.5, kurtosis=4335.5), we take its natural logarithm. While the binary supervisor status captures the consequences of holding a managerial position at the extensive margin, the (natural log of the) number of people supervised captures the intensive margin of supervisory status.

Control variables

Following other papers in the literature based on the EWCS (e.g., Aleksynska, 2018; Nikolova & Cnossen, 2020), the control variables include standard job characteristics such as income, working hours, tenure (number of years in the current position), job advancement opportunities, job insecurity, as well as socio-demographic characteristics, such as age, gender, and marital status (Table 1). These variables correlate with the probability of being self-employed/supervisor and work meaningfulness and autonomy. In addition to these controls, we include year-, country-, and industry- fixed effects, and interview controls – duration (in minutes), number of people present during the interview, interview month, and interview day – to account for their influence on survey answers. These fixed effects and controls help adjust for unobserved confounders that might otherwise be related to labor market status, meaning, and autonomy.

To avoid bias from dropping observations with missing information, for all control variables, we include the missing observations in the regressions by creating an additional category denoting no answer/refusals/don't know answers. For example, the variable male is coded as 1 if the respondent is female, 2 if the respondent is male, and 3 if there is missing information regarding the respondent's gender. We form separate dummy variables for males, females and those with missing information on gender, with males as the reference. We transform continuous variables into categorical ones, and we

Next, we turn to Hypothesis 2, which postulates that solo self-employment provides fewer autonomy and meaningful benefits than being a self-employed supervisor. The coefficient estimates of the interaction terms in Models (3) and (7) and the predicted values in Figures 1a and 1b demonstrate nuanced results. Specifically, while being a self-employed supervisor is marginally *more* meaningful than working alone as your own boss, solo entrepreneurs also experience substantively *more* autonomy. The solo self-employed's predicted work meaningfulness is at 52.42 points, while it is at 53 points for the supervisor self-employed. This difference is very small—approximately a 1.11 percent increase in work meaningfulness, evaluated at the sample mean of 50. Yet, the difference is statistically significant (F -stat= 10.43, p -value = 0.0012). For autonomy, the solo entrepreneurs' predicted autonomy levels are at 57.14 points, while self-employed supervisors are at 56.86. Again, this is a rather modest difference (less than one percent), but it is statistically significant (F -stat = 4.38, p -value = 0.0363).

These results may seem paradoxical at first. Nevertheless, they are in line with empirical evidence suggesting that solo entrepreneurs may lack social support (Binder & Blankenberg, 2021) but have more significant preferences for autonomy (van Stel & van der Zwan, 2020). The desire for autonomy and freedom is one of the most important motivations for starting a business (European Commission, 2013; van Gelderen & Jansen, 2006). At the same time, managing others brings work meaningfulness to the self-employed supervisors, likely because it ensures interactions with colleagues and taking responsibility for one's employees. Yet, it may also bring them less autonomy relative to their solo counterparts because of the associated job demands and stress (Hessels et al., 2017). Therefore, our results only partially support H2.

All in all, Table 3 and Figures 1a and 1b demonstrate that self-employed supervisors have the highest levels of perceived work meaningfulness compared to any other group. However, it is the solo

Specifically, individuals with certain unobservable characteristics or preferences may be more likely to become self-employed or supervisors. For example, individuals who value work meaningfulness and autonomy or have a high entrepreneurial aptitude may be more likely to start their own business. Similarly, those who do not like taking responsibility and managing others may choose to work as subordinates rather than managers.

Ideally, we would have liked to rely on a randomized control trial eliminating such selection issues whereby self-employment and supervisor status are randomly allocated. However, such a study is not feasible. An alternative would be to find instruments for self-employment and supervisor status, which would predict both of these variables while being uncorrelated with the error term of equation (1) above. Admittedly, finding such a set of instruments is non-trivial. Given these methodological issues, providing a causal estimate of the true consequences of self-employment and being a supervisor is challenging. Nevertheless, to the extent possible, we attempt to deal with selection issues by relying on an OLS regression using entropy balancing weights. While we have two endogenous variables, the method only allows us to deal with selection for one of them, and we focus on self-employment.

Specifically, in a first step, we rely on a non-parametric matching procedure called entropy balancing (Hainmueller, 2012). This preparatory step creates comparable groups of statistically identical individuals based on their observable characteristics, except that one individual is self-employed and the other is not. The second step involves estimating a weighted regression of self-employment and being a supervisor on work meaningfulness and autonomy using the entropy balancing weights. Admittedly, this procedure eliminates issues related to selection on observables, but not necessarily selection on unobservables. Like other matching techniques, with entropy balancing, we have to assume that the selection on unobservables is correlated with the selection on observables.

While we have attempted to mitigate these issues using entropy balancing, CEM, and by providing additional robustness checks, we cannot rule out endogeneity issues.

Against this backdrop, our paper leaves many opportune avenues for future research for which additional panel data and causal techniques are urgently needed. For example, longitudinal data availability will allow for further refinement of the methods employed to study the relationships and hypotheses proposed in this paper. They will enable us to understand how work meaningfulness and autonomy change over the entrepreneurial journey for the same individuals. Panel data will also allow using techniques that account for the self-selection into different occupational positions (e.g., solo vs. supervisor self-employed). They will also furnish an understanding of whether career transitions and entrepreneurial failure alter entrepreneurs' ability to derive meaningfulness from work. In addition, this study's results are based on a European sample of relatively economically advanced countries. It is an open question of whether the same findings apply in other contexts, and especially in developing countries, where the nature of entrepreneurship is more precarious and necessity-driven.

