

Are Self-Employed Really Happier Than Employees? – An Approach Modelling Adaptation and Anticipation Effects to Self-Employment and General Job Changes

Joachim Merz
University Lüneburg, Germany

Hanglberger
University Lüneburg, FFB, Germany

Empirical analyses using cross-sectional and panel data found significantly higher levels of job satisfaction for self-employed than for employees. We argue that those estimates of individual well-being in previous studies might be biased by neglecting anticipation and adaptation effects. For testing we specify several panel models accounting for anticipation and adaptation to self-employment and job changes. Based on 26 waves from the German Socio-Economic Panel Survey (SOEP) we find that becoming self-employed is associated with large negative anticipation effects, and, individuals adapt to self-employment.