



Job satisfaction in light of poor economic outlook

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The Institute for Social and Trade Union Research conducted national surveys on work climate in 2010 and 2012. The subsequent report, presented in 2013, provides a comparative analysis of the job satisfaction of employees, and those who are self-employed, with issues such as job security, pay, training, career development, management style, and their social and psychological climate, working time, work-life balance, stress and representation.

Background

Face-to-face interviews in private homes were used as the basis of both editions of the Representative [Survey on Work Climate](#), conducted in 2010 and 2012. Those interviewed were workers aged 15 and over (including people who were employed or self-employed, and working students and pensioners; but excluding the unemployed and employers). The two-stage cluster random sample included 330 clusters. In order to achieve a greater range of specific professional groups, the total sample of 3,800 people was divided into two groups. The first, main, sample comprised 3,300 employed and self-employed people. The second, boosted, sample, was made up of 500 self-employed people, and was used to calculate an index of self-employed people's working conditions, to which was added data about the self-employed people participating in the main sample.

General characteristics and main results

The second wave of the survey strictly followed the methodology used for the first wave. This included:

- the working definition of work climate;
- the survey's structure;
- the method of evaluating the indicators, variables and components of the work climate index at different levels;
- the construction of the general index.

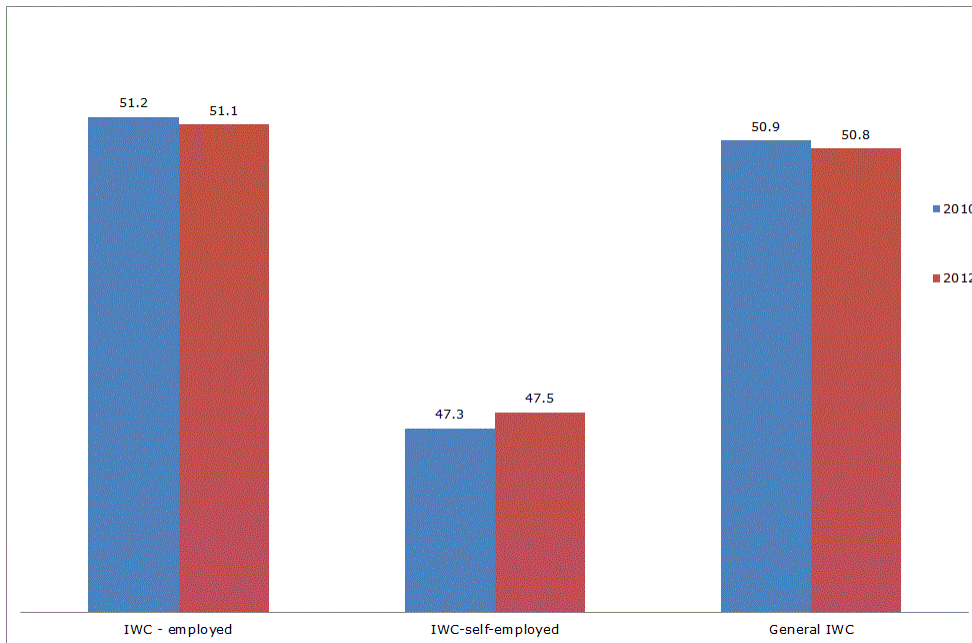
Work climate is defined as the aggregate of all tangible and intangible conditions to which workers are subjected – either directly at their workplace or more broadly throughout the company. The work climate index measures the respondents' level of satisfaction with their work climate. This evaluation (or index value) is interpreted in a range of 0 to 100; the greater it is, the greater their satisfaction.

The design of the work climate index is 'fan shaped' as it allows the calculation of indices at four levels:

- lowest level indicators: 63 for employees and 48 for self-employed (these are actually different questions in the questionnaire);
- second level variables: 21 for employees and 12 for self-employed (average values on composite indicators);
- third level components: seven for employees and four for self-employed (average values on composite variables);
- fourth level integrated indices: there are three – for employees, for self-employed people (average values by components) and the general work climate index (average weighting value of the previous two indices with weights - actual ratio between employees and self-employed).

The study does not account for significant changes in the work climate index – either generally or in specific areas—between 2010 and 2012. The work climate index for employees in 2012 marks a slight, statistically insignificant decrease of 0.1 percentage points compared with the previous wave (from 51.2 to 51.1). The work climate index for self-employed people registered a slight increase of 0.2 percentage points (from 47.3 to 47.5). As a result, the total work climate index is 50.8 with the established weight ratio for the fourth quarter of 2012 at 92.3% employees to 7.7% self-employed. On the whole, this is due to stasis in different components of the work climate index and the respondents’ lack of concrete expectations for improvement or deterioration.

Figure 1: Integrated indices of work climate



Source: Work Climate Index (WCI) - (Working Climate Index study, carried out by Institute for Social and Trade Union Research (ISTUR) and the Confederation of Independent Trade Unions in Bulgaria (CITUB))

The comparison between the results of the two waves of the survey shows that the level of satisfaction with working climate is similar for employees and self-employed. The difference is maintained in a range of four to five percentage points. Minor changes, such as a slight improvement in the working climate of the self-employed and a slight deterioration for employees, is due to specific changes in both groups.

The work climate index shows that employees feel their job security and remuneration have worsened. They confirm that there has been a trend of cuts in spending on social benefits, training, bonuses and other elements of flexible wages. However, there has been a consequent growth in trade union representation, so this negative outlook can also be seen as an evaluation of the activities of trade unions.

In general terms, the less favourable economic environment continues to impact negatively on self-employment. Many small businesses (typically family ones) opened and closed between 2010 and 2012. The fact that there are fewer self-employed people in the 2012 sample shows that some small businesses have survived due to good market positions, improved competitiveness or have successfully reorganised their business, according to the changes in market conditions,

which could explain the reported satisfaction with the work environment of the self-employed in the survey.

Work climate index of employees

The employees' general work climate index shows the relative stability of the various elements of their working environment. There were some substantial improvements and deteriorations in certain areas, which, nevertheless, cancelled each other out in the construction of the index (see Table 1).

Table 1: General work climate index for employees

	2010	2012	Difference
General			
Labour legislation	60.8	62.1	1.290
Social security legislation	62.6	62.7	0.094
Economic environment	37.0	38.4	1.396
Public regulation	53.5	54.1	0.6
Working time	75.9	76.2	0.316
Rest and leave	77.9	79.3	1.433
Work–life balance	54.2	50.3	-3.890
Work and leisure	69.3	68.6	-0.713
Characteristics of work	64.3	64.1	-0.217
Working conditions	66.4	66.6	0.224
Work-related stress	54.7	54.7	0.002
Workplace	61.8	61.8	0.003
Management/management of the company	58.9	58.6	-0.258
Interrelations in the company	75.5	74.6	-0.937
Violence at the workplace	98.7	98.2	-0.510
Management and relationships	77.7	77.3	-0.401
Pay	40.4	41.7	1.261
Pay conditions (regularity and system of pay, etc.)	79.7	77.8	-1.873
Social benefits paid by the employer	28.4	24.3	-4.133
Payment of work	49.5	48.0	-1.515
Training	21.7	20.5	-1.158
Occupational development	13.3	13.2	-0.115
Career development	27.2	31.8	4.609
Workforce development	20.7	21.9	1.178
Role of trade unions	35.1	39.2	4.084

	2010	2012	Difference
Possibility of influence	13.4	13.7	0.250
Forms of representativeness	28.1	30.7	2.589
Workers interests' representation	25.6	26.0	0.441
General index employees	51.2	51.1	-0.054

Source: WCI

The uncertain economic situation leads to low expectations among workers about the possibility of changing jobs and of improving their living standards. Workers appreciate having a job and see it as a significant advantage, especially those who are employed in industries and companies with better working conditions, higher pay and opportunities for training and career development.

As shown in Table 1, the variables 'working time' and 'rest and leave' are relatively stable but workers' expectations that they can find a good work–life balance have dropped considerably. This indicates that this balance depends on a wide range of factors and does not simply cover the standard regime of work and leisure. It is therefore important for companies to implement initiatives that:

- give greater freedom to workers to choose different ways of working;
- allow a more flexible use of leave;
- encourage social policies in the workplace.

The workplace is, itself, part of the work climate, and significant changes in workers' level of satisfaction can be expected if abrupt changes are made to it. However, as a rule, the financial crisis has not directly affected working environments, either on the whole or, more specifically, in areas such as the 'nature of work' or 'working conditions'. However, the variable 'stressful environment' is influenced by various factors, and workers' perceptions of this can change dramatically in the face of particular circumstances and situations.

Most employees have experienced wage freezes, with more than 50% of respondents reporting that their pay has not increased compared with the previous year. Moreover, workers' satisfaction with pay deals that have been implemented, has decreased between 2010 and 2012.

The results of the survey also show negative trends in the perceptions of workers' in small and micro-enterprises. They feel that the allocation of money for social policy, education and training is an 'absolute luxury' and that examples of 'best practice' can be observed mainly in Bulgarian subsidiaries of multinational companies.

However, confidence in trade unions at all levels - national, sectoral and local has risen by four percentage points in the second survey wave. The level of trust in trade unions is higher in the countryside than in the capital. Ethnic minorities also play a greater role in unions in the countryside. The results from the second wave of the survey show that trade union density is 21.9% and the degree of coverage by collective agreements is 28.5%.

The survey data underline that unionisation and collective bargaining are important factors in improving work climate. However, there are sharp differences between these two indicators in different industrial sectors. As a rule, high union density leads to greater coverage by a collective agreement: at the top end of the scale in this respect is the education sector while at the opposite end of the scale are sectors like construction, trade, hotels and restaurants. At company level,

greater attention should be given to tailoring collective bargaining agreements to the needs of different social-occupational groups (blue and white collar).

Cross-industry differences are shown in the different working conditions and levels and terms of pay, which is reflected in workers' satisfaction with pay. The work climate index also shows that foreign-owned companies provide workers with significantly better pay and prospects for education, training and workforce development (satisfaction index of 53.9) than do privately owned Bulgarian companies (48.8). State administration employees also showed significant differences in their satisfaction with work climate, depending on whether they had labour contracts or civil service contract (56.4 and 60.8 respectively). This is due mainly to the lower possibilities for interest representation as civil servants are restricted by law from collective bargaining on wages, and this is reflected in their satisfaction rate.

Index of working climate for self-employed

The second wave of the survey also showed that self-employed people are generally less satisfied with their work climate (47.5) than employees (51.1). Although, between the two surveys, employees' satisfaction dropped by 0.1 percentage points and that of self-employed increased by 0.2 percentage points, it must be born in mind the substantial differences in the structure and content of the work climate index in both types of employment.

Table 2: General Index of work climate for self-employed

	2010	2012	Difference
General			
Legislation	36.3	36.5	0.220
Economic situation and development perspectives	28.8	27.0	-1.790
Cooperative positions	62.6	63.8	1.216
Legislative and economic environment	42.6	42.2	-0.352
Working conditions	70.0	69.1	-0.931
Working time	53.9	57.4	3.491
Character of labour	59.7	58.8	-0.875
Character of conditions of labour	61.2	61.5	0.295
Management and satisfaction	68.2	69.8	1.573
Income	36.9	37.7	0.806
Development of skills	54.7	61.4	6.688
Satisfaction and opportunities development	53.3	56.2	2.922
Dependence on external contractors	53.4	41.6	-11.795
Contacts with partners	22.7	32.4	9.686
Protection and representativeness of interest	20.9	17.4	-3.530
Temporary tendencies in self-employment	32.3	30.2	-2.146

	2010	2012	Difference
General index of self-employed	47.3	47.5	0.180

Source: WCI

During the period under study there were no drastic changes to the legislation resulting in a significant decrease or increase of its influence on the work climate of the self-employed. Satisfaction decrease marks only the assessment of the tax legislation.

The assessment of the economic situation and prospects of small businesses has declined (it dropped from 28.8 in 2010 to 27 in 2012). Fewer self-employed people can hire workers and become employers, and they have become more pessimistic about their prospects of being able to improve their living standards. However, the fact that they have managed to survive in business makes them more competitive and better in terms of quality of products and services as well as in terms of supply and demand.

The satisfaction of self-employed people has increased in the following areas:

- ability to determine their own working hours;
- regulation of their mode of work and recreation;
- provision of better weekly and annual holidays.

However, it seems that the overall conditions for improving their work–life balance did not increase.

Self-employed people’s satisfaction about their autonomy in decision-making and in ‘working for yourself’ increased from 53.3 in 2010 to 56.2 in 2012, and the growth of satisfaction with ‘skills development’ rose by nearly seven percentage points – from 54.7 to 61.4. Satisfaction with ‘incomes’, as a whole, increased slightly, but remains (as in the previous wave of the survey) at a very low level (at around 37). This is an indicator of the high workload of the self-employed, which is very difficult to compensate for, and increased financial risk (especially in times of crisis).

The self-employed have become more dependent on external contractors, resulting in a decline in satisfaction levels for this indicator (from 53.4 in 2010 to 41.6 in 2013). The biggest change is recorded in the dependence on suppliers of goods and contractors which brings the nature of their work very close to that of employees.

The opportunities for making electronic ‘virtual’ contacts with potential suppliers, contractors and customers are improving, and this advance in technology has significantly helped businesses. This can be seen from the satisfaction rating of the self-employed with their contact with partners, which increased by nearly 10 percentage points (from 22.7 in 2010 to 32.4 in 2012). The self-employed who are younger than 25, show a greater degree of satisfaction on this marker.

The problems experienced by the self-employed with getting representation and protection for their interests have intensified (the index of this variable dropped from 20.9 in 2010 to 17.4 in 2012). At the top of the scale is evaluated the opportunities for representativeness by professional associations/guilds, while the possibility for representation by employers’ organisations is significantly smaller. In any case, the evaluations are unsatisfactory and that do not yet provide a clear perspective for the self-employed to find a suitable form of association and representation.

Most self-employed people in villages are registered in agricultural occupations, such as tobacco farmers. They face:

- harsh working conditions;

- poor economic outlook;
- stringent regulations;
- high risk of losses.

This makes them one of the most vulnerable groups, not only among the self-employed but also in overall employment.

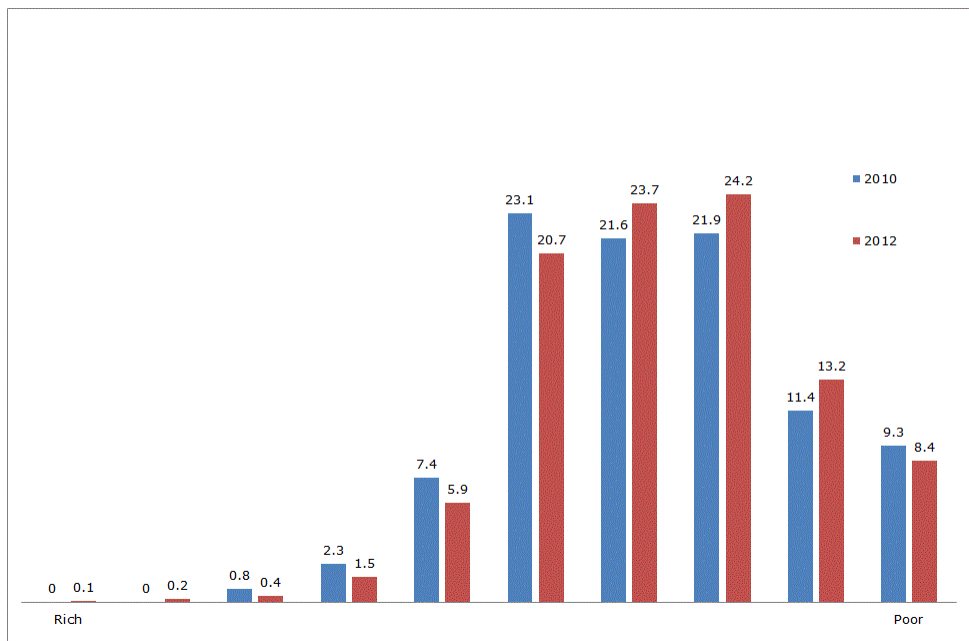
The survey shows that a high level of education is a prerequisite for the successful entrepreneur. Levels of job security for self-employed people with higher education are much higher, employment conditions are much better and this is reflected also in a considerably higher degree of satisfaction in general with their work climate (52.8) compared with the satisfaction of self-employed people who are educated only to secondary or lower levels (36.1).

The evaluation of work climate by people younger than 25 dropped from 49.8 in 2010 to 45.5 in 2012. Given the current high rate of youth unemployment in Bulgaria (according to Eurostat about 28% in 2012 and 2013) and the difficulties faced by school leavers in finding work, it is obvious that there are additional barriers faced by young people in the area of self-employment.

Subjective feeling of poverty among employed

The positioning of the respondents in the 10-degree scale ‘rich–poor’ indicates a strong shift of the higher frequencies to the negative side. The last three degrees (8, 9 and 10, corresponding to ‘poor’) accumulated 45.8% of the answers, the last two (9 and 10) accounted for 21.6%, and at the absolute bottom are 8.4% self-reported ‘working poor’. Just 0.7 % of respondents positioned themselves at the opposite pole – in the first, second and third levels (rich). During 2010–2012 the comparison, as a whole, shows the deterioration of the situation - the frequencies in grades 2 to 6 fell and those in grades 7 to 9 increased. There is a shift towards the poorer part of the scale.

Figure 2: Distribution on the scale Rich – Poor



Source: WCI

The social profile of poverty shows a clear link to a person’s education, address and occupation.

Table 3: Frequencies in some grades of the rich–poor scale according to education of the respondents (in %) 2012

Grades of scale	Primary education	Secondary education	Secondary general education	Secondary special education	Semi-higher education	Higher education
10 ('Poor')	46.7	28.2	10.3	6.8	4.7	2.6
From 8 to 10	86.7	78.2	55.7	48.6	42.7	26.4
1-3 ('Rich')	0	0.4	0.4	0.3	0.7	1.1

Source: WCI

At the absolute bottom of poverty (grade 10 of the scale) are 46.7% of respondents with primary education, while only 2.6% of those with higher education are in the same situation. When degrees 8, 9 and 10 are combined the differences are reduced somewhat (26.4% of people with higher education fall into this range), but still they remain very distinct. At the opposite pole – there is no case of self-identification in the range of the rich (the first, second and three degrees) among people with primary education, while the share of people with higher education is 1.1%.

Table 4: Frequencies of some grades of the rich-poor scale according to residence of the respondents (in %) 2012

Grades of scale	Sofia-city	District town	Other town	Village
10 ('Poor')	3.4	4.6	6.5	18.1
From 8 to 10	35.2	38.1	42.7	64.9
1-3 ('Rich')	1.7	0.6	0.2	0.4

Source: WCI

As expected, in the towns the share of the poor is significantly lower than that of rural residents (from 3.4% in Sofia to 18.1% in rural areas). In the range of 8 to 10 degrees of the scale, this trend is confirmed. The range of the rich (degrees 1–3) includes 1.7% of employed people who live in the capital Sofia, but also includes 0.4% of people in rural areas.

Table 5: Frequencies of some grades of the rich-poor scale according to occupation 2012

Grades of scale	Admin. services management employees and managers	Admin. services employees without managerial functions	Skilled workers, craftsmen	Unskilled workers	Profession als	Private entrepreneurs
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Grades of scale	Admin. services management employees and managers	Admin. services employees without managerial functions	Skilled workers, craftsmen	Unskilled workers	Professionals	Private entrepreneurs
10 ('Poor')	2.9	3.5	5.2	20.7	3.0	1.6
From 8 to 10	22.2	31.3	44.9	70.8	30.3	34.9
1-3 ('Rich')	1.2	0.7	0.9	0.1	1.0	0

Source: WCI

Unqualified workers account for most of the poorest people at the lowest level, as well as in the wider range of 8 to 10 on the scale). However, that range also accounts for 44.9% of skilled workers, 31.3% of administrative staff, and 30.3% of intellectuals. The self-employed) are not protected from poverty, with more than one third of them potentially at risk of falling into a state of deprivation. At the same time, none of them is at the top of the income distribution. The positions there have a comparatively even distribution of chief administrative officers, managers, intellectuals and skilled craftsmen.

Commentary

At a time of high unemployment (over 12%), workers consider being employed as a privilege. This, however, can be risky as there is a readiness to accept compromises in pay and conditions. The unprecedented 'wage-freeze' has been followed by cuts in social benefits and in money for tuition and qualification.

Trade unions have succeeded in exchanging frozen wages for better protected employment, qualifications and minor social benefits. However this is becoming less common. The trade-off effect, that seems to work well in some European countries, is not a suitable mechanism for replacing the lack of long-term real income growth.

The middle class, often defined as the 'engine of growth', is diminishing and there is no guarantee that being a part of this class is going to last forever. Increasingly, the self-employed, professionals and qualified workers are at risk of social exclusion. The rising inequalities are not only a result of this process, but also a dangerous accelerator for social tension, which is counterproductive for the economy and is threatening the Bulgarian democracy's fragile foundations.

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