

Crowding out Public Service Motivation*

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Abstract

Employing workers with Public Service Motivation (PSM) has been proposed as a means of improving performance in the public sector. There is, however, no conclusive evidence showing PSM among individuals. In this paper we attempt to firstly find evidence of PSM by investigating why people change jobs from the private to the public sector. Secondly we attempt to identify factors that crowd out PSM and thus hinder individuals with PSM from joining the public sector.

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1 Introduction

Hiring individuals with Public Service Motivation (PSM) is often proposed as a way to improve public sector performance and to overcome incentive problems in the public sector. In this paper we attempt to find evidence of PSM and to investigate whether extrinsic rewards crowd out PSM.

The concept of PSM has its roots in the public administration literature where it is broadly defined as “an individual’s predisposition to respond to motives grounded primarily or uniquely in public institutions” (Perry, 1996). This predisposition is determined by environmental factors, such as parental modelling or socialization within organizations. It reflects three categories of motives: rational, norm-based and affective. Rational motives are present when individuals want to participate in policy-making to pursue their political agenda, or when individuals commit to a public program because they personally identify with it. Norm-based motives are generated by a desire to pursue the public interest; they include patriotism, civic duty and a sense of loyalty to the government. Affective motives refer to behaviour motivated by emotional responses to different social contexts and are characterized by a desire to help others.

The presence of PSM generates a number of implications. If values and sentiments associated with the public sector are attractive to individuals with PSM, hiring these individuals will help to overcome incentive problems in the public sector. Agents who care about the output will have less incentive to shirk in the public sector than in the private sector.¹ This is because public sector managers cannot commit to increase other factors of production to maintain output if an agent shirks effort, whereas private sector managers can, due to the profit motive (Francois, 2001).² Further, hiring individuals with PSM will increase organizational efficiency in the public sector as better

¹See Francois and Vlassopoulos (2007) for a survey of literature that discusses the role of pro-social motivation in overcoming incentive problems in the provision of public goods.

²Individuals are more willing to donate labour in the public sector because the public sector can credibly commit not to expropriate labour (see Grout and Yong; 2003 and Grout and Schnedler; 2006). Gregg, Grout, Ratcliffe, Smith and Windmeijer (2008) find that workers in the non-profit sector donate significantly more labour than workers in the private sectors.

matching of agents and principals with similar preferences reduces the need for high-powered incentives (Besley and Ghatak, 2005). In fact the use of high powered incentives may have adverse effects on public-sector performance. As shown by Benabou and Tirole (2006), monetary incentives decrease the reputational value of pro-social actions and thus reduce the overall utility from pro-social behaviour. Extrinsic rewards may then crowd out PSM: whilst higher wages increase the probability of filling a job vacancy, they decrease the expected average quality of job applicants because less motivated workers are induced to apply (Delfgaauw and Dur; 2007).³

Conclusive empirical evidence of PSM amongst public-sector workers is however yet to be found. Some empirical research into PSM is discussed in the public administration literature: Brewer and Selden (1998) find evidence of PSM amongst whistle-blowers, but their sample comprises only public sector employees, thus they do not compare public sector workers with workers in other sectors. Crewson (1997) and Dilulio (1994) show that workers in the public sector report higher satisfaction with the intrinsic characteristics of work than workers in the private sector. Houston (2000) shows that public sector employees are more likely to place a higher value on the intrinsic rewards. Houston (2006) shows that public sector workers undertake more charitable activities than workers in the private sector. These studies however do not show whether it is the public sector that causes individuals to derive greater satisfaction from the intrinsic characteristics of their work or rather it is individuals who derive greater satisfaction from the intrinsic characteristics of public-sector work who are drawn to the public sector.

Further, the empirical literature on the crowding-out effect of monetary incentives has not considered the effect of extrinsic rewards on public sector workers.⁴ Frey, Oberholzer-Gee, and Eichenberger (1996) and Frey and Oberholzer-Gee (1997) show that people are less likely to accept that “Not In My Backyard” (NIMBY) projects are undertaken in their own town when they are offered monetary compensation. In an experimental study, Gneezy

³Crowding out of workers with PSM has also been attributed to unmotivated workers being attracted to the public sector (see Delfgaauw and Dur; 2008).

⁴In his seminal paper, Titmuss (1970) argued that monetary compensation undermines civic duty so that the introduction of monetary compensation would result in blood of lower quality being collected.

and Rustichini (2000a) show that individuals exert less effort when a small amount of monetary compensation is offered than when no compensation is offered. In Gneezy and Rustichini (2000b) the introduction of a fine to parents who are late in collecting their children from school increases the rate of parents arriving late.⁵ Ariely, Bracha, and Meier (2009) show that image motivation is crowded out by monetary incentives, meaning that monetary incentives are less likely to work in public pro-social activities and more likely to work in private pro-social activities. Carpenter and Myers (2007) find that altruism and reputational concerns are positively related to individual's volunteering to be fire fighters. They also find that positive effect that monetary incentives have on volunteering decline with reputational concerns, thus providing further evidence of extrinsic incentives crowding out pro-social behaviour.

The crowding out hypothesis is especially important when we consider gender differences. Cronson and Gneezy (2009) find that the social preferences of women are more situationally specific and more malleable than men. The finding that women are more sensitive to social cues in determining appropriate behaviour implies that women may place higher value of a pro-social reputational than men. Benabou and Tirole (2006, pp.1662) argue that if indeed women have higher pro-social reputational concerns than men, then they are more likely to undertake pro-social actions in the absence of extrinsic rewards. Women will also be more likely than men to respond negatively to extrinsic rewards. Evidence of this is found by Mellstrom and Johannesson (2008) who when studying the willingness to donate blood find that in the absence of monetary incentives women donate more blood than men. However, when monetary incentives are introduced, the blood donations of women drop significantly. When subjects are offered the choice to give the monetary payment to charity, the blood donations of women increase back to levels when there were no monetary incentives. The blood donations of men remain approximately the same throughout. Thus, we also investigate gender differences in our paper.

We use data from the British Household Panel Survey (BHPS) to inves-

⁵See Frey and Jegen (2001) for a survey of the literature on crowding out and in of intrinsic motivation.

investigate whether PSM can explain individuals' propensity to move into public sector jobs. To proxy the utility derived from extrinsic aspects of the job we use workers' self-reported satisfaction with pay, satisfaction with job security and satisfaction with work hours.⁶ We consider satisfaction with work itself as a proxy for intrinsic rewards.⁷ Using predicted differentials for these variables, we estimate transition probabilities from the private into the public sector.

Our results show that the higher the predicted satisfaction with the work itself in the public sector, the higher the probability that an individual will make the transition from the private to the public sector. Instead, higher predicted satisfaction with the extrinsic characteristics does not raise the probability of transition. These results imply that individuals are drawn to the public sector by the intrinsic characteristics of working in the public sector rather than the extrinsic benefits, which is consistent with the existence of PSM evidence. Further, extrinsic rewards crowd out PSM, in that, higher predicted satisfaction differentials with the extrinsic characteristics of the job (i.e. satisfaction with hours of work, satisfaction with job security, and satisfaction with pay) decrease the likelihood of individuals moving into the public sector. Women experience crowding out of a greater magnitude than men. We find similar results by investigating transitions into different occupational classifications and into different sub-sectors of the public sector.

The paper also offers some of the first evidence on public sector rents based on domain satisfaction measures, thus contributing to a growing literature on public sector rents using subjective well-being measures (see e.g. Luechinger, Meier, and Stutzer, 2005; Clark and Senik, 2005; and Clark, 2004). Earlier studies on public sector rents focus mainly on wage differentials (see e.g. Bender 1998).

The rest of the paper is organized as follows. Section 2 provides the

⁶The use of self-reported satisfaction data has been validated by several researchers. For example, it has been shown that job satisfaction predicts future quits (Freeman, 1978; Clark et al. 1998), it is negatively correlated with absenteeism (Clegg, 1983) and that it is positively correlated with productivity (Mangione and Quinn, 1975). See Diener (2000) for a review.

⁷Satisfaction with the work itself has been used as a proxy for the intrinsic utility derived from a job (Pouliakas and Theodossiou, 2009).

theoretical foundation of our empirical analysis and it derives the predictions. Section 3 discusses the empirical methodology whilst section 4 presents the empirical results. Section 5 concludes with some policy recommendations.

2 Theoretical Foundations

We borrow from Benabou and Tirole (2006) (hereafter BT) for the simple theoretical framework.⁸ We consider the behaviour of agents who choose to work in the public sector. a_k denotes the level of pro-social activities undertaken by each agent in sector k at cost ca_k and y_k denotes the (vector of) extrinsic rewards, enjoyed by agents in sector k , $k = P, G$, where $k = P$ denotes the private sector and $k = G$ denotes the public sector. Extrinsic rewards include wages, job security and working hours. $\hat{a} \equiv a_G - a_P$ denotes the difference in pro-social activities between the public and the private sector whilst $\hat{y} \equiv y_G - y_P$ denotes the differential in extrinsic rewards. We take a_k as given and assume that more pro-social activities are carried out in the public sector so that $\hat{a} > 0$. The sector in which an agent works, the sectorial level of pro-social activities a_k and the extrinsic rewards y_k are publicly observable.

Agents differ in two dimensions: their intrinsic valuation for pro-social activities and their valuation for extrinsic rewards. An agent's type is then defined by the intrinsic value $\omega_i \in [\underline{\omega}, \bar{\omega}]$ that he attaches to carrying out 1 unit of pro-social activities, where $\underline{\omega}$ may be negative to indicate that an individual may dislike pro-social activities, and by the value $\chi_i \in [\underline{\chi}, \hat{\chi}]$ that he attaches to enjoying 1 unit (in monetary units) of extrinsic rewards. ω_i and χ_i are random variable with cumulative distribution function $H(\omega_i, \chi_i)$.

Agents have reputational concerns and wish to appear pro-social/altruistic. The value of reputation depends linearly on the posterior belief $E_{\omega_i}(\omega_i|\hat{y}, k)$ of the agent's type ω_i , given the sector k in which the agent works and the differential \hat{y} in extrinsic rewards between the two sectors. The utility of agent i from working in sector k is

$$U_{i,k} = (\omega_i - c) a_k + \chi_i y_k + \mu_i E_{\omega_i}(\omega_i|\hat{a}, \hat{y}, k),$$

⁸See also Benabou and Tirole (2003).

where $\mu_i \in [0, 1]$ is the weight on reputational concerns, which may change across individuals.

Initially, agents are randomly allocated between the private and the public sector. On the job, agents privately learn their type $\theta = \{\omega_i, \chi_i\}$ and choose whether to remain in the sector they are in or to move to the other sector, given a_k and y_k . Types in the private sector for whom $U_{i,G} \geq U_{i,P}$, will move to the public sector; types in the public sector for whom $U_{i,G} < U_{i,P}$ will move to the private sector. Over time, therefore, types will separate between sectors: those with high intrinsic motivation, i.e., for whom

$$\omega_i \hat{a} + \chi_i \hat{y} \geq \tilde{\omega}_i \equiv \hat{c} - \mu R(\hat{a}, \hat{y}),$$

where

$$R(\hat{a}, \hat{y}) \equiv E_{\omega_i}(\omega_i | \hat{a}, \hat{y}, G) - E_{\omega_i}(\omega_i | \hat{a}, \hat{y}, P)$$

will be in the public sector, whilst those with low intrinsic motivation, $\omega_i < \tilde{\omega}$, will be in the private sector. $R(\hat{a}, \hat{y})$ denotes the reputational gain from working in the public sector compared to the private sector.

Since initially half of the agents are in the private sector, the probability of transition from the private to the public sector is

$$p(\hat{a}, \hat{y}, \mu) = \frac{1}{2} \Pr(\omega_i \hat{a} + \chi_i \hat{y} \geq \tilde{\omega}_i)$$

Within this framework, BT show as follows:

1. Intrinsic motivation for pro-social activities is an important factor explaining why people wish to participate to pro-social activities. We add it that, to the extent that more activities are carried out in the public sectors, intrinsic motivation helps explaining the desire of people to work in the public sector. Other things equal, people with higher intrinsic motivation wish the most to join the public sector.
2. The greater the level of pro-social activities carried out in the public sector compared to the private sector (and thus \hat{a}), the more intrinsically motivated people wish to move to the public sector.

3. For given level of pro-social activities in the public sector (and thus \hat{a}), an increase in extrinsic rewards in the public sector ($d\hat{y} > 0$) may reduce the reputational gain $R(\hat{a}, \hat{y})$ from working in the public sector. Intuitively, as observers cannot observe agents' types, a signal extraction problem arises and an increase in extrinsic rewards generates two effects on reputation. First, new types are drawn to the public sector (i.e. $\tilde{\omega}_i$ decreases). The new composition of the public sector thus comprises fewer intrinsically motivated agents and the 'good reputation' of working in the public sector decreases (as the new members have lower ω_i 's than the old one, they drag down the group reputation for pro-social orientation). However, the stigma of working in the private sector also increases (as the members with high ω_i 's move to the public sector). As such the reputational gain $R(\hat{a}, \hat{y})$ of working in the public sector may increase or decrease (this is the "image spoiling effect of extrinsic rewards").
4. Because of (3), an increase in extrinsic rewards in the public sector ($d\hat{y} > 0$), may crowd out intrinsic motivation, in the sense that it may reduce the number of agents who wish to work in the public sector ($d\tilde{\omega}_i > 0$).
5. To the extent that women care more about their reputation for pro-social activities than men, crowding out is more likely to occur for women than for men.

3 Methodology and Data

We use data from the first fourteen waves of the British Household Panel Survey (BHPS) covering the period 1991-2004. The BHPS is a longitudinal survey of approximately 10,000 individuals in 5,500 households per year, providing a rich source of information of demographic and labour market characteristics, as well as information on individuals' subjective evaluation of their jobs and their economic situation. Restricting the sample to full-time workers between the ages of 16 and 65 results in 37384 and 25728 person-year observations for men and women respectively. Crucially, the

panel nature of the data allows us to identify, during the sample period, 747 transitions from the private to the public sector, all initiated by the workers themselves voluntarily (i.e. quits), with no intervening unemployment or inactivity spells.

In order to explore whether such transitions are driven or explained by PSM, we classify job attributes observed prior to and after each transition as intrinsic or as extrinsic. To make such a distinction operational, we consider wages, job tenure and hours of work to be extrinsic rewards, while the nature of the work itself to be an intrinsic reward. We take the view that individuals have a predetermined level of PSM, which is the result of environmental factors, such as parental modelling and socialization within social groups that individuals interact with or are part of. Because it is difficult to measure individuals' motives directly, we proxy such motives by using self-reported domain job satisfaction scores. Following the theoretical model in Section 2, we expect that satisfaction with intrinsic rewards is positively correlated with the probability of transition into the public sector. In contrast, due to reputational effects, satisfaction with extrinsic rewards should have little or even negative influence on individuals' decision to seek employment in the public sector.

More formally, the probability that individual i makes the transition into the public sector can be written as

$$\Pr(M_{it}^G = 1) = \Pr[\beta' X_{i,t-1}^P + \varepsilon_{it} > 0] \quad (1)$$

In (1), M_{it}^G is an observed indicator variable taking the value 1 if an individual i moves into the public sector at time t and 0 otherwise. The vector $X_{i,t-1}^P$ represents individual and labour market characteristics at time $t - 1$, the year prior to making the transition.⁹ It includes expected earnings differentials between the public and the private sector as well as expected satisfaction differentials for the various extrinsic and intrinsic job attributes under consideration.¹⁰ ε_{it} is a random error term.

⁹Full list of individual and labour variables used given in the appendix.

¹⁰These are the $\omega_i(a_G - a_P)$ and $(1 - \omega_i)(y_G - y_P)$ in the theoretical model.

We use satisfaction with the work itself as a proxy of utility derived from intrinsic rewards of a job. We use satisfaction with pay, job security and working hours as proxies for utilities derived from extrinsic rewards.¹¹ Earnings in both private and public sector employment are observed only for those in private employment and public employment respectively, and they are censored at zero. Because of this, firstly we estimate standard Mincer-type earnings functions corrected for selectivity bias (we give full results in the appendix) for men, women, and both men and women combined. Secondly, we use these estimates to calculate the expected earnings differential between the public and private sector \hat{y}_{it} for each individual in our sample, irrespective of current status. Finally, these expected earnings differentials are then used when estimating equation (1), the transition into the public sector equation. In a similar fashion, we estimate differentials for satisfaction with pay $\hat{s}_{it(PAY)} = \hat{S}_{it(PAY)}^G - \hat{S}_{it(PAY)}^P$, satisfaction with job security $\hat{s}_{it(SEC)} = \hat{S}_{it(SEC)}^G - \hat{S}_{it(SEC)}^P$, satisfaction with hours worked $\hat{s}_{it(HOURS)} = \hat{S}_{it(HOURS)}^G - \hat{S}_{it(HOURS)}^P$, and satisfaction with the work itself (an intrinsic reward) $\hat{s}_{it(WORK)} = \hat{S}_{it(WORK)}^G - \hat{S}_{it(WORK)}^P$ between the public and private sectors.¹² These predicted domain satisfaction differentials enter as additional regressors in the transition equation (1), which is written as,

$$\Pr(M_{it}^G = 1) = \alpha_0 + \alpha_1 \hat{y}_{it} + \alpha_2 \hat{s}_{it(PAY)} + \alpha_3 \hat{s}_{it(SEC)} + \alpha_4 \hat{s}_{it(HOURS)} + \alpha_5 \hat{s}_{it(WORK)} + \beta' X_{i,t-1}^P + \varepsilon_{it} \quad (2)$$

The main hypothesis that PSM increases the probability of transition into the public sector implies a positive and significant coefficient α_5 . If extrinsic rewards exert little or no influence on individuals' decision to become public sector employees, then the coefficients α_1 to α_4 will be statistically insignificant. Negative and statistically significant coefficients α_1 to α_4 are consistent with the crowding out hypothesis, whereby extrinsic rewards mitigate an individual's utility from the intrinsic rewards associated with the transition into the public sector.

We expand on our analysis by testing our hypothesis on transitions from the public to the private sector. This will allow us to gain a comparative

¹¹Summary statistics are given in Table 1.

¹²We use the combined (men and women) earnings and satisfaction functions, and differentials for estimations where we observe too few transitions by gender.

perspective of the motivations for transition between the two sectors. In this case we calculate $\hat{y}'_{it} = \hat{y}'_{it}^P - \hat{y}'_{it}^G$. We use the same procedure for the satisfaction differentials. This allows us to use the same hypothesis from equation (2) with the same signs.

In addition, we expand our analysis by testing our hypothesis on transition into caring and non-caring jobs and transition into different government sub-sectors.¹³ Finally, we investigate whether the income levels of individuals affect their motivation to move to the public sector by testing our hypothesis on the lower and upper quartiles of real wages.

4 Results

We begin by examining the number of transitions between the sectors in table 2. We observe that more women enter into caring jobs in the public sector when compared to entering non-caring jobs in the public sector. This is the opposite for men entering into the public sector, with more men entering into non-caring jobs than caring jobs. There are more individuals moving into non-caring jobs than caring jobs for both men and women moving into the private sector. Taking the view that the public sector offers more opportunity to carry out pro-social actions, these results suggest an important gender difference between men and women, that women are more pro-socially motivated than men (Cronson and Gneezy, 2009).

[Insert Table 2 here.]

Table 3 shows that on average the public sector has higher extrinsic rewards than the public sector. The real wage is on average significantly higher in the public sector than in the private sector for both men and women. Working hours are significantly less in the public sector than in the private sector (for both men and women). Public sector workers (both men and women) have significantly longer job tenure than private sector workers.

¹³Caring refers to health, education, and social care. Non-caring refers to all other industries (Gregg, et al, 2009).

This suggests that the public sector offers better job security than the private sector.¹⁴ These results are important because they show that the public sector has higher extrinsic rewards than the private sector on average. This means there is scope for our theoretical model and its predictions. That is, the public sector having higher extrinsic rewards may reduce the reputational (for being pro-social) benefit for making the transition to the public sector because the high extrinsic rewards in the public sector make it harder to differentiate whether an individual's motive for moving to the public sector are to fulfill pro-social motivations or to satisfy extrinsic desires.

[Insert Table 3 here.]

We now examine the results that make use of observed transition into the public sector. Table 4 below gives the probit estimations for transition from the private to the public sector for men and women. In order to gain a comparative perspective, Table 4 also includes results for transition from the public to the private sector for both men and women.

[Insert Table 4 here]

There is strong evidence for our main hypothesis: individuals are more likely to move to public sector if they expect to enjoy greater satisfaction with the work itself in the public sector. Furthermore, higher predicted satisfaction with pay in the public sector will reduce the probability of moving to the public sector, thus providing evidence of the image spoiling effect of monetary rewards in the public sector. The satisfaction with job security differential is insignificant for men, but is positive and significant for women. This suggests that job security is important for women when choosing a job. This is reinforced as the job security satisfaction differential is positive and significant for transition into the private sector as well. However, for men this provides evidence that men are not more likely to join the public service out of a desire to derive greater utility from job security. There is strong evidence that higher (predicted) utility with the number of hours worked in the public

¹⁴This is consistent with previous studies. See e.g. Rama (1999) and Bender (1998).

sector in fact it reduces the probability of joining the public sector for both men and women. Thus, the results of the predicted satisfaction with pay and working hours differentials are consistent with the crowding out hypothesis, whereby extrinsic rewards mitigate an individual's utility from the intrinsic rewards associated with the transition into the public sector.

This grouping of results shows that people join the public sector mainly because it offers individuals with PSM the opportunity to carry out pro-social activities. Higher wages or better extrinsic rewards are not the driving force behind the transition. In fact, our results show that higher extrinsic rewards in the public sector crowd out PSM in the public service, i.e. make it less likely for individuals who are public service motivated to join the public sector.

These findings are reinforced when we compare them to our findings for transition into the private sector from the public sector. We find that the satisfaction with the work itself differential is insignificant for both men and women. This means that individuals are not attracted by the intrinsic aspects of work in the private sector. Instead, the wage, satisfaction with job security, and satisfaction with working hours differential are positive and significant for women. The satisfaction with job security differential is positive and significant for men. This clearly shows that a move to the private sector is more likely the greater the utility derived from extrinsic rewards in the private sector. Therefore the move to the private sector is motivated by extrinsic rewards, whereas the move from the private to the public sector is motivated by intrinsic rewards (and mitigated by extrinsic rewards).

Table 5 contains probit estimation results for transition into caring and non-caring jobs in the public and private sectors.¹⁵ The results for transition into both caring and non-caring jobs in the public sector confirm our hypotheses. Transition into both caring and non-caring jobs is more likely the greater the satisfaction with work differential, i.e. the greater the amount of satisfaction derived from intrinsic aspects of work in the public sector whereas extrinsic rewards mitigate this probability. We find similar results when we investigate transition into different sub-sectors of the government in Table 6.

¹⁵These results are from a combined sample of both men and women.

In this case, the crowding out is of greatest magnitude for transition into the NHS and higher education. This is perhaps because these sub-sectors have a high proportion of caring jobs.

[Insert Tables 5 and 6 here.]

Finally we test whether the crowding out effect is affected by income. We give results for probit estimations for individuals that were in the lower quartile of earnings before the transition and individuals in the upper quartile of earnings in Table 7. These results show that there is a greater amount of crowding out for individuals with lower incomes. This is because both the satisfaction with pay and working hours differentials are negative and significant. However, the satisfaction with job security differential is positive and significant. This suggests that job security is important for individuals with low levels of income. There is no crowding out for individuals with higher income. However, transition into the public sector is still driven by satisfaction from the intrinsic aspects of working in the public sector as the satisfaction with work itself differential is positive and nearly significant at a 10% confidence level.

[Insert Table 7 here.]

5 Conclusion and Policy Recommendations

Our results show that higher wages, satisfaction with pay, job security and working hours in the public sector are either insignificant in influencing the probability of transition to the public sector or reduce this probability. Instead, higher satisfaction with the intrinsic characteristics of work in the public sector increases the probability of transition to the public sector. Individuals are more likely to move due to higher satisfaction with the work itself in the public sector, as the public sector provides greater opportunity for these individuals to carry out their public service motivation. This grouping of results provides strong evidence of PSM and suggests that extrinsic rewards may crowd out intrinsic motivation.

These results suggest that from an efficiency point of view, the public sector should lower wages and other extrinsic rewards for two reasons. Firstly, high wages in the public sector deter individuals with PSM from entering the public sector as high wages decrease their utility from this pro-social move because they are perceived to be “greedy”. Therefore lower wages and other extrinsic rewards allow for better matching as individuals with PSM will be more willing to work in the public sector. Secondly, a reduction in wages and other extrinsic rewards will reduce problems of adverse selection in hiring new workers for the public sector. High wages in the public sector will also attract individuals who do not have PSM. These individuals require higher powered incentives to perform the same task compared to individuals with high levels of PSM and therefore are more costly than individuals with PSM. By offering lower wages the public sector will attract a higher proportion of individuals with PSM.

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Table 2
Number of observations of Transitions

	Observations	
	Males	Females
Entry into Public Sector from Private Sector	336	411
Entry into Caring Public Sector from Private Sector	59	185
Entry into Non Caring Public Sector from Private Sector	162	95
Entry into Private Sector from Public Sector	349	310
Entry into Caring Private Sector from Public Sector	24	86
Entry into Non Caring Private Sector from Public Sector	241	135

Table 1
The Distribution of Job Satisfaction Measures

MALES										
Rank	Overall Job Satisfaction		Satisfaction With The Work Itself		Satisfaction With Pay		Satisfaction With Job Security		Satisfaction With Hours Worked	
	Count	%	Count	%	Count	%	Count	%	Count	%
1	684	1.92	685	1.92	1,705	4.79	1,463	4.12	977	2.74
2	1,150	3.23	995	2.79	2,037	5.72	1,290	3.63	1,328	3.73
3	2,837	7.97	2,377	6.68	5,413	15.20	2,871	8.08	3,973	11.16
4	3,511	9.86	3,318	9.32	3,528	9.91	3,639	10.24	4,724	13.27
5	8,502	23.88	7,588	21.31	8,979	25.22	6,746	18.98	8,003	22.47
6	15,223	42.76	14,614	41.05	11,374	31.95	12,365	34.79	12,282	34.49
7	3,693	10.37	6,027	16.93	2,568	7.21	7,166	20.16	4,324	12.14
Total	35,600	100.00	35,604	100.00	35,604	100.00	35,540	100.00	35,611	100.00

FEMALES										
Rank	Overall Job Satisfaction		Satisfaction With The Work Itself		Satisfaction With Pay		Satisfaction With Job Security		Satisfaction With Hours Worked	
	Count	%	Count	%	Count	%	Count	%	Count	%
1	444	1.75	449	1.77	1,168	4.60	868	3.42	542	2.13
2	708	2.79	673	2.65	1,477	5.82	655	2.58	785	3.09
3	1,691	6.66	1,608	6.33	3,791	14.93	1,700	6.70	2,930	11.53
4	1,642	6.47	1,712	6.74	2,023	7.97	1,828	7.21	2,369	9.32
5	5,566	21.92	5,206	20.49	6,198	24.41	4,308	16.99	5,718	22.51
6	11,803	46.48	10,819	42.58	8,390	33.04	9,478	37.38	9,284	36.54
7	3,542	13.95	4,939	19.44	2,348	9.25	6,519	25.71	3,777	14.87
Total	25,396	100.00	25,406	100.00	25,395	100.00	25,356	100.00	25,405	100.00

Table 3
Number of observations of Transitions

	Means		T-stat on Sector Difference
	Public	Private	
<i>Real Wage (£/month)</i>			
Men	1848	1688	10.69***
Women	1494	1131	34.19***
<i>Hours Worked (weekly)</i>			
Men	38.72	40.68	-22.02***
Women	35.83	37.09	-17.79***
<i>Job Tenure (years)</i>			
Men	6.42	4.56	21.25***
Women	4.99	3.45	22.02***

Table 4
Probit results for transition into Public and Private Sectors

	Public		Private ⁺	
	Males	Females	Males	Females
\hat{y}_{it}	-1.437* (0.832)	-1.185** (0.571)	0.239 (1.010)	1.738** (0.747)
$\hat{S}_{it}(PAY)$	-0.474 (0.354)	-0.024 (0.183)	-0.661 (0.411)	0.043 (0.227)
$\hat{S}_{it}(SEC)$	-0.223 (0.238)	0.312* (0.163)	0.677** (0.288)	0.475** (0.230)
$\hat{S}_{it}(WORK)$	0.591*** (0.221)	0.818** (0.320)	-0.001 (0.248)	-0.413 (0.447)
$\hat{S}_{it}(HOURS)$	-0.727** (0.317)	-0.606*** (0.236)	0.287 (0.347)	0.846*** (0.328)
Employer offers Pension (t)	0.265* (0.150)	0.250 (0.175)	0.367** (0.172)	-0.093 (0.224)
Age (t-1)	0.003 (0.005)	0.002 (0.004)	-0.007 (0.005)	-0.008 (0.006)
Pension (t-1)	-0.221*** (0.059)	-0.267*** (0.061)	-0.337*** (0.078)	-0.310*** (0.076)
Trade Union Member (t-1)	-0.072 (0.075)	0.258*** (0.077)	0.136* (0.082)	0.263*** (0.082)
Married (t-1)	-0.269*** (0.087)	-0.230*** (0.086)	-0.051 (0.100)	-0.145 (0.108)
Living as Couple (t-1)	-0.167* (0.088)	-0.182** (0.081)	-0.159 (0.109)	0.049 (0.100)
Widowed (t-1)	0.025 (0.427)	-0.394 (0.332)	0.196 (0.528)	-0.451 (0.331)
Divorced (t-1)	0.093 (0.172)	-0.117 (0.128)	0.057 (0.187)	-0.073 (0.148)
Higher Level Edu (t-1)	0.043 (0.078)	0.256** (0.116)	-0.032 (0.100)	-0.198 (0.155)
Medium Level Edu (t-1)	0.103 (0.076)	0.143 (0.098)	-0.034 (0.101)	-0.091 (0.125)
Health Problems (t-1)	-0.012 (0.050)	0.144*** (0.053)	-0.039 (0.060)	0.192*** (0.064)
No. of Children (t-1)	0.087*** (0.033)	0.066* (0.036)	0.023 (0.040)	0.026 (0.041)
Renter (t-1)	0.116 (0.073)	0.244*** (0.090)	0.164* (0.097)	0.045 (0.125)
Medium Firm (t-1)	-0.047 (0.068)	-0.084 (0.067)	0.160* (0.094)	0.187** (0.093)
Large Firm (t-1)	-0.111 (0.075)	-0.276*** (0.078)	0.291*** (0.095)	0.193* (0.099)
Regional Dummies (t-1)	Yes	Yes	Yes	Yes
Constant	-2.956*** (0.695)	-3.739*** (0.420)	-1.972** (0.826)	-2.189*** (0.595)
Pseudo R ²	0.074	0.105	0.084	0.115

The standard errors are given in brackets (). *** indicates significance at a 1% confidence level, ** indicates significance at a 5% confidence level, and * indicates significance at a 10% confidence level. Note on differential*****, +

Table 5
Probit results for Transition – Caring and Non Caring Jobs (Men and Women)

	Public	
	Caring	Non Caring
\hat{y}_{it}	-0.033 (0.985)	0.372 (0.844)
$\hat{s}_{it(PAY)}$	-0.517** (0.251)	-0.668*** (0.229)
$\hat{s}_{it(SEC)}$	0.309 (0.227)	0.328 (0.204)
$\hat{s}_{it(WORK)}$	1.166*** (0.389)	1.347*** (0.366)
$\hat{s}_{it(HOURS)}$	-1.047*** (0.359)	-1.020*** (0.320)

The standard errors are given in brackets (). *** indicates significance at a 1% confidence level, ** indicates significance at a 5% confidence level, and * indicates significance at a 10% confidence level.

Table 6
Probit results for Transition – Government Sub-sectors (Men And Women)

	Central Government	Local Government	NHS And Higher Education
\hat{y}_{it}	-0.158 (1.115)	-0.637 (0.917)	-0.634 (0.978)
$\hat{s}_{it(PAY)}$	-0.447 (0.301)	0.380 (0.243)	-0.892*** (0.246)
$\hat{s}_{it(SEC)}$	0.374 (0.266)	-0.216 (0.220)	0.261 (0.221)
$\hat{s}_{it(WORK)}$	1.463*** (0.485)	1.402*** (0.371)	0.745* (0.384)
$\hat{s}_{it(HOURS)}$	-0.788* (0.413)	-0.891*** (0.342)	-1.260*** (0.356)

The standard errors are given in brackets (). *** indicates significance at a 1% confidence level, ** indicates significance at a 5% confidence level, and * indicates significance at a 10% confidence level.

Table 7
Probit results for Transition into Public Sector– Income (Men and Women)

	Lowest 25 th Percentile (<£910.00/month)	Highest 25 th Percentile (>£1833.33/month)
$\hat{\gamma}_{it}$	-1.428 (1.237)	0.668 (1.353)
$\hat{\delta}_{it(PAY)}$	-0.655** (0.325)	-0.397 (0.368)
$\hat{\delta}_{it(SEC)}$	0.703** (0.308)	0.187 (0.323)
$\hat{\delta}_{it(WORK)}$	1.304** (0.530)	0.967 [^] (0.592)
$\hat{\delta}_{it(HOURS)}$	-1.084** (0.489)	-0.604 (0.489)

The standard errors are given in brackets (). *** indicates significance at a 1% confidence level, ** indicates significance at a 5% confidence level, and * indicates significance at a 10% confidence level. [^] indicates significance at a 10.2% confidence level.

Table A1
Log Wage Equations with Heckman Selection

	Public		Private	
	Males	Females	Males	Females
Age	0.005*** (0.002)	0.009*** (0.001)	0.009*** (0.000)	0.007*** (0.001)
Trade Union Member	-0.173 (0.127)	0.337*** (0.041)	0.069*** (0.025)	0.040 (0.037)
Employer Offers Pension	-0.058 (0.050)	0.139*** (0.028)	0.176*** (0.007)	0.258*** (0.012)
Married	0.216*** (0.026)	-0.041*** (0.013)	0.207*** (0.009)	0.049*** (0.010)
Living as Couple	0.151*** (0.029)	-0.021 (0.016)	0.170*** (0.009)	0.086*** (0.011)
Widowed	0.124 (0.094)	-0.041 (0.036)	0.107*** (0.039)	-0.104*** (0.035)
Divorced	0.120*** (0.030)	-0.025 (0.019)	0.185*** (0.017)	0.086*** (0.017)
Higher Level Education	0.254*** (0.075)	0.679*** (0.036)	0.367*** (0.011)	0.429*** (0.021)
Medium Level Education	0.083** (0.041)	0.280*** (0.023)	0.138*** (0.008)	0.189*** (0.012)
Health Problems	-0.018* (0.011)	-0.007 (0.009)	-0.031*** (0.005)	-0.042*** (0.007)
No. of Children	0.054*** (0.007)	0.028*** (0.007)	0.058*** (0.003)	-0.009* (0.006)
Renter	-0.215*** (0.021)	-0.202*** (0.018)	-0.229*** (0.008)	-0.209*** (0.011)
Medium Firm	-0.013 (0.031)	0.063*** (0.019)	0.089*** (0.007)	0.091*** (0.009)
Large Firm	0.031 (0.035)	0.091*** (0.013)	0.167*** (0.008)	0.170*** (0.010)
Regional Dummies	Yes	Yes	Yes	Yes
Constant	2.805*** (0.417)	1.254*** (0.145)	1.903*** (0.016)	1.669*** (0.024)
Age	0.012*** (0.001)	0.022*** (0.001)	-0.012*** (0.001)	-0.022*** (0.001)
Trade Union Member	0.992*** (0.019)	1.150*** (0.021)	-0.969*** (0.019)	-1.144*** (0.021)
Employer offers Pension	0.320*** (0.023)	0.531*** (0.024)	-0.218*** (0.022)	-0.480*** (0.024)
Married	-0.167*** (0.028)	-0.065** (0.028)	0.152*** (0.027)	0.073*** (0.027)
Living as Couple	-0.169*** (0.031)	-0.157*** (0.031)	0.158*** (0.031)	0.153*** (0.031)
Widowed	-0.374*** (0.131)	0.205** (0.084)	0.359*** (0.127)	-0.171** (0.083)
Divorced	0.076 (0.049)	-0.052 (0.043)	-0.072 (0.048)	0.065 (0.043)
Higher Level Education	0.578*** (0.025)	0.933*** (0.029)	-0.439*** (0.024)	-0.851*** (0.028)
Medium Level Education	0.292*** (0.026)	0.428*** (0.029)	-0.151*** (0.026)	-0.346*** (0.028)
Health Problems	-0.001 (0.017)	0.042** (0.019)	0.004 (0.017)	-0.035* (0.019)
No. of Children	0.032*** (0.010)	0.126*** (0.012)	-0.032*** (0.010)	-0.127*** (0.012)
Renter	-0.048 (0.030)	-0.146*** (0.033)	0.071** (0.030)	0.173*** (0.033)
Medium Firm	0.211*** (0.023)	0.125*** (0.024)	-0.232*** (0.023)	-0.126*** (0.024)
Large Firm	0.245*** (0.024)	0.189*** (0.025)	-0.271*** (0.023)	-0.197*** (0.025)
Regional Dummies	Yes	Yes	Yes	Yes
Constant	-2.106*** (0.054)	-2.472*** (0.062)	1.877*** (0.054)	2.308*** (0.061)
Mills Ratio	-0.382** (0.174)	0.261*** (0.059)	-0.225*** (0.057)	-0.102* (0.053)

The standard errors are given in brackets (). *** indicates significance at a 1% confidence level, ** indicates significance at a 5% confidence level, and * indicates significance at a 10% confidence level.

Table A2
Satisfaction with Work Itself Equations with Heckman Selection

	Public		Private	
	Males	Females	Males	Females
Age	-0.003 (0.006)	-0.005* (0.003)	0.005*** (0.001)	0.005*** (0.002)
Trade Union Member	-1.336*** (0.430)	-0.203 (0.131)	-0.344*** (0.082)	-0.461*** (0.118)
Employer Offers Pension	-0.321* (0.170)	-0.089 (0.089)	0.019 (0.021)	-0.111*** (0.039)
Married	0.049 (0.091)	0.272*** (0.039)	0.174*** (0.029)	0.095*** (0.034)
Living as Couple	-0.047 (0.100)	0.028 (0.049)	0.047 (0.029)	0.019 (0.036)
Widowed	0.924*** (0.333)	0.476*** (0.100)	0.279** (0.125)	0.272** (0.113)
Divorced	-0.296*** (0.108)	0.129** (0.058)	0.230*** (0.053)	-0.018 (0.053)
Higher Level Education	-0.609** (0.254)	-0.205* (0.112)	-0.083** (0.034)	-0.194*** (0.069)
Medium Level Education	-0.377*** (0.142)	-0.125* (0.071)	-0.062*** (0.024)	-0.083** (0.038)
Health Problems	-0.215*** (0.038)	-0.157*** (0.026)	-0.115*** (0.017)	-0.119*** (0.023)
No. of Children	0.003 (0.026)	0.045** (0.020)	0.020** (0.010)	0.047*** (0.018)
Renter	0.121 (0.074)	0.086 (0.055)	0.019 (0.026)	0.087** (0.037)
Medium Firm	-0.277*** (0.107)	-0.116*** (0.036)	-0.226*** (0.023)	-0.219*** (0.028)
Large Firm	-0.399*** (0.121)	-0.202*** (0.040)	-0.291*** (0.027)	-0.385*** (0.033)
Regional Dummies	Yes	Yes	Yes	Yes
Constant	9.059*** (1.412)	6.183*** (0.458)	5.356*** (0.052)	5.421*** (0.076)
Age	0.012*** (0.001)	0.022*** (0.001)	-0.012*** (0.001)	-0.022*** (0.001)
Trade Union Member	0.992*** (0.019)	1.150*** (0.021)	-0.970*** (0.019)	-1.144*** (0.021)
Employer offers Pension	0.322*** (0.023)	0.532*** (0.024)	-0.217*** (0.022)	-0.480*** (0.024)
Married	-0.167*** (0.028)	-0.065** (0.028)	0.153*** (0.027)	0.073*** (0.027)
Living as Couple	-0.169*** (0.031)	-0.157*** (0.031)	0.158*** (0.031)	0.153*** (0.031)
Widowed	-0.373*** (0.131)	0.205** (0.084)	0.361*** (0.127)	-0.171** (0.083)
Divorced	0.076 (0.049)	-0.051 (0.043)	-0.070 (0.048)	0.065 (0.043)
Higher Level Education	0.579*** (0.025)	0.933*** (0.029)	-0.439*** (0.024)	-0.851*** (0.028)
Medium Level Education	0.292*** (0.026)	0.428*** (0.029)	-0.152*** (0.026)	-0.346*** (0.028)
Health Problems	-0.001 (0.017)	0.043** (0.019)	0.004 (0.017)	-0.035* (0.019)
No. of Children	0.031*** (0.010)	0.125*** (0.013)	-0.032*** (0.010)	-0.127*** (0.012)
Renter	-0.047 (0.030)	-0.146*** (0.033)	0.071** (0.030)	0.173*** (0.033)
Medium Firm	0.211*** (0.023)	0.125*** (0.024)	-0.233*** (0.023)	-0.126*** (0.024)
Large Firm	0.246*** (0.024)	0.189*** (0.025)	-0.271*** (0.023)	-0.197*** (0.025)
Regional Dummies	Yes	Yes	Yes	Yes
Constant	-2.107*** (0.054)	-2.472*** (0.062)	1.877*** (0.054)	2.308*** (0.061)
Mills Ratio	-1.677*** (0.587)	-0.149 (0.189)	0.282 (0.186)	0.447*** (0.169)

The standard errors are given in brackets (). *** indicates significance at a 1% confidence level, ** indicates significance at a 5% confidence level, and * indicates significance at a 10% confidence level.

Table A3
Satisfaction with Pay Equations with Heckman Selection

	Public		Private	
	Males	Females	Males	Females
Age	0.013** (0.006)	0.010*** (0.003)	0.003** (0.001)	0.005** (0.002)
Trade Union Member	-0.267 (0.502)	0.337** (0.160)	0.045 (0.095)	-0.306** (0.138)
Employer Offers Pension	0.183 (0.197)	0.553*** (0.109)	0.297*** (0.025)	0.204*** (0.046)
Married	-0.048 (0.098)	0.093* (0.048)	0.112*** (0.033)	0.198*** (0.040)
Living as Couple	-0.044 (0.108)	-0.048 (0.060)	0.011 (0.034)	0.092** (0.042)
Widowed	0.595* (0.344)	0.176 (0.126)	0.122 (0.145)	0.160 (0.133)
Divorced	-0.166 (0.106)	-0.380*** (0.073)	0.108* (0.061)	-0.178*** (0.063)
Higher Level Education	0.220 (0.293)	0.172 (0.138)	0.220*** (0.040)	-0.014 (0.081)
Medium Level Education	0.077 (0.161)	-0.054 (0.087)	0.025 (0.028)	0.094** (0.044)
Health Problems	-0.167*** (0.038)	-0.048 (0.033)	-0.129*** (0.019)	-0.197*** (0.027)
No. of Children	0.042 (0.026)	0.126*** (0.025)	0.009 (0.011)	0.010 (0.021)
Renter	-0.281*** (0.077)	-0.173** (0.068)	-0.187*** (0.031)	-0.077* (0.043)
Medium Firm	-0.129 (0.121)	0.111** (0.045)	-0.094*** (0.027)	-0.095*** (0.033)
Large Firm	-0.184 (0.136)	-0.095* (0.050)	0.048 (0.031)	0.022 (0.039)
Regional Dummies	Yes	Yes	Yes	Yes
Constant	4.614*** (1.647)	3.102*** (0.562)	4.663*** (0.060)	4.255*** (0.089)
Age	0.012*** (0.001)	0.022*** (0.001)	-0.012*** (0.001)	-0.022*** (0.001)
Trade Union Member	0.992*** (0.019)	1.149*** (0.021)	-0.970*** (0.019)	-1.144*** (0.021)
Employer offers Pension	0.320*** (0.023)	0.534*** (0.024)	-0.216*** (0.022)	-0.479*** (0.024)
Married	-0.167*** (0.028)	-0.064** (0.028)	0.153*** (0.027)	0.073*** (0.027)
Living as Couple	-0.169*** (0.031)	-0.156*** (0.031)	0.159*** (0.031)	0.153*** (0.031)
Widowed	-0.374*** (0.131)	0.207** (0.084)	0.361*** (0.127)	-0.171** (0.083)
Divorced	0.076 (0.049)	-0.050 (0.043)	-0.071 (0.048)	0.064 (0.043)
Higher Level Education	0.578*** (0.025)	0.935*** (0.029)	-0.440*** (0.024)	-0.851*** (0.028)
Medium Level Education	0.292*** (0.026)	0.429*** (0.029)	-0.151*** (0.026)	-0.346*** (0.028)
Health Problems	-0.001 (0.017)	0.042** (0.019)	0.004 (0.017)	-0.035* (0.019)
No. of Children	0.032*** (0.010)	0.126*** (0.013)	-0.032*** (0.010)	-0.127*** (0.012)
Renter	-0.048 (0.030)	-0.147*** (0.033)	0.071** (0.030)	0.173*** (0.033)
Medium Firm	0.211*** (0.023)	0.124*** (0.024)	-0.233*** (0.023)	-0.126*** (0.024)
Large Firm	0.245*** (0.024)	0.189*** (0.025)	-0.271*** (0.023)	-0.197*** (0.025)
Regional Dummies	Yes	Yes	Yes	Yes
Constant	-2.106*** (0.054)	-2.477*** (0.062)	1.877*** (0.054)	2.308*** (0.061)
Mills Ratio	-0.329 (0.688)	0.626*** (0.231)	-0.424** (0.215)	0.437** (0.199)

The standard errors are given in brackets (). *** indicates significance at a 1% confidence level, ** indicates significance at a 5% confidence level, and * indicates significance at a 10% confidence level.

Table A4
Satisfaction with Job Security Equations with Heckman Selection

	Public		Private	
	Males	Females	Males	Females
Age	0.005 (0.006)	-0.002 (0.003)	-0.013*** (0.001)	-0.009*** (0.002)
Trade Union Member	0.065 (0.517)	-0.063 (0.153)	-0.533*** (0.094)	-0.805*** (0.129)
Employer Offers Pension	0.678*** (0.204)	0.548*** (0.104)	0.229*** (0.025)	-0.001 (0.043)
Married	-0.128 (0.101)	0.148*** (0.045)	0.064* (0.033)	0.084** (0.037)
Living as Couple	0.010 (0.111)	0.079 (0.057)	0.041 (0.034)	0.089** (0.040)
Widowed	0.510 (0.351)	-0.057 (0.118)	-0.138 (0.144)	0.079 (0.127)
Divorced	-0.029 (0.109)	-0.060 (0.068)	0.026 (0.061)	-0.087 (0.059)
Higher Level Education	0.204 (0.301)	0.123 (0.132)	-0.291*** (0.039)	-0.225*** (0.076)
Medium Level Education	0.045 (0.165)	0.079 (0.083)	-0.152*** (0.028)	0.013 (0.042)
Health Problems	-0.147*** (0.039)	-0.098*** (0.031)	-0.102*** (0.019)	-0.118*** (0.025)
No. of Children	0.065** (0.027)	-0.024 (0.024)	-0.022** (0.011)	-0.036* (0.020)
Renter	-0.183** (0.079)	-0.231*** (0.064)	-0.017 (0.030)	0.123*** (0.041)
Medium Firm	0.161 (0.124)	-0.017 (0.042)	-0.233*** (0.027)	-0.241*** (0.031)
Large Firm	-0.082 (0.140)	-0.048 (0.047)	-0.311*** (0.031)	-0.430*** (0.037)
Regional Dummies	Yes	Yes	Yes	Yes
Constant	4.841*** (1.694)	5.500*** (0.535)	5.904*** (0.060)	5.914*** (0.085)
Age	0.012*** (0.001)	0.022*** (0.001)	-0.012*** (0.001)	-0.022*** (0.001)
Trade Union Member	0.993*** (0.019)	1.150*** (0.021)	-0.969*** (0.019)	-1.145*** (0.021)
Employer offers Pension	0.322*** (0.023)	0.533*** (0.024)	-0.217*** (0.022)	-0.479*** (0.024)
Married	-0.166*** (0.028)	-0.064** (0.028)	0.152*** (0.027)	0.074*** (0.027)
Living as Couple	-0.168*** (0.031)	-0.157*** (0.031)	0.159*** (0.031)	0.153*** (0.031)
Widowed	-0.371*** (0.131)	0.207** (0.084)	0.363*** (0.127)	-0.176** (0.084)
Divorced	0.078 (0.049)	-0.049 (0.043)	-0.071 (0.048)	0.065 (0.043)
Higher Level Education	0.578*** (0.025)	0.935*** (0.029)	-0.439*** (0.024)	-0.849*** (0.028)
Medium Level Education	0.292*** (0.026)	0.430*** (0.029)	-0.150*** (0.026)	-0.345*** (0.028)
Health Problems	-0.001 (0.017)	0.043** (0.019)	0.004 (0.017)	-0.035* (0.019)
No. of Children	0.031*** (0.010)	0.125*** (0.013)	-0.032*** (0.010)	-0.127*** (0.012)
Renter	-0.049 (0.030)	-0.146*** (0.033)	0.070** (0.030)	0.174*** (0.033)
Medium Firm	0.210*** (0.023)	0.123*** (0.024)	-0.233*** (0.023)	-0.126*** (0.024)
Large Firm	0.245*** (0.024)	0.188*** (0.025)	-0.271*** (0.023)	-0.198*** (0.025)
Regional Dummies	Yes	Yes	Yes	Yes
Constant	-2.104*** (0.054)	-2.471*** (0.062)	1.878*** (0.054)	2.307*** (0.061)
Mills Ratio	-0.039 (0.708)	-0.172 (0.221)	0.506** (0.213)	0.673*** (0.185)

The standard errors are given in brackets (). *** indicates significance at a 1% confidence level, ** indicates significance at a 5% confidence level, and * indicates significance at a 10% confidence level.

Table A5
Satisfaction with Hours Worked Equations with Heckman Selection

	Public		Private	
	Males	Females	Males	Females
Age	-0.006 (0.006)	-0.016*** (0.003)	-0.001 (0.001)	-0.003 (0.002)
Trade Union Member	-0.850* (0.461)	-0.637*** (0.149)	-0.057 (0.089)	-0.296** (0.122)
Employer Offers Pension	0.009 (0.182)	-0.002 (0.101)	0.039* (0.023)	-0.082** (0.041)
Married	-0.149 (0.092)	0.129*** (0.044)	-0.062** (0.031)	-0.110*** (0.035)
Living as Couple	-0.089 (0.101)	0.100* (0.056)	-0.136*** (0.032)	-0.049 (0.037)
Widowed	0.876*** (0.323)	0.045 (0.116)	0.381*** (0.135)	0.196* (0.117)
Divorced	-0.060 (0.101)	0.035 (0.067)	0.003 (0.057)	-0.257*** (0.055)
Higher Level Education	-0.454* (0.269)	-0.961*** (0.128)	-0.121*** (0.037)	-0.310*** (0.071)
Medium Level Education	-0.211 (0.148)	-0.346*** (0.080)	-0.021 (0.026)	-0.061 (0.039)
Health Problems	-0.126*** (0.036)	-0.156*** (0.030)	-0.101*** (0.018)	-0.154*** (0.023)
No. of Children	-0.004 (0.025)	-0.057** (0.023)	-0.052*** (0.011)	-0.012 (0.019)
Renter	0.025 (0.072)	0.188*** (0.063)	0.011 (0.029)	0.080** (0.038)
Medium Firm	-0.148 (0.111)	-0.106** (0.041)	-0.070*** (0.025)	-0.120*** (0.029)
Large Firm	-0.216* (0.126)	-0.049 (0.046)	-0.005 (0.029)	-0.150*** (0.035)
Regional Dummies	Yes	Yes	Yes	Yes
Constant	7.641*** (1.511)	7.477*** (0.521)	5.395*** (0.056)	5.544*** (0.079)
Age	0.012*** (0.001)	0.022*** (0.001)	-0.012*** (0.001)	-0.022*** (0.001)
Trade Union Member	0.992*** (0.019)	1.150*** (0.021)	-0.970*** (0.019)	-1.145*** (0.021)
Employer offers Pension	0.321*** (0.023)	0.532*** (0.024)	-0.217*** (0.022)	-0.480*** (0.024)
Married	-0.166*** (0.028)	-0.065** (0.028)	0.152*** (0.027)	0.074*** (0.027)
Living as Couple	-0.169*** (0.031)	-0.157*** (0.031)	0.159*** (0.031)	0.152*** (0.031)
Widowed	-0.373*** (0.131)	0.205** (0.084)	0.361*** (0.127)	-0.170** (0.083)
Divorced	0.076 (0.049)	-0.051 (0.043)	-0.070 (0.048)	0.065 (0.043)
Higher Level Education	0.578*** (0.025)	0.933*** (0.029)	-0.439*** (0.024)	-0.850*** (0.028)
Medium Level Education	0.292*** (0.026)	0.428*** (0.029)	-0.151*** (0.026)	-0.346*** (0.028)
Health Problems	-0.001 (0.017)	0.043** (0.019)	0.004 (0.017)	-0.035* (0.019)
No. of Children	0.031*** (0.010)	0.126*** (0.013)	-0.032*** (0.010)	-0.127*** (0.012)
Renter	-0.048 (0.030)	-0.146*** (0.033)	0.070** (0.030)	0.173*** (0.033)
Medium Firm	0.210*** (0.023)	0.125*** (0.024)	-0.232*** (0.023)	-0.126*** (0.024)
Large Firm	0.245*** (0.024)	0.189*** (0.025)	-0.271*** (0.023)	-0.197*** (0.025)
Regional Dummies	Yes	Yes	Yes	Yes
Constant	-2.105*** (0.054)	-2.471*** (0.062)	1.877*** (0.054)	2.309*** (0.061)
Mills Ratio	-0.838 (0.631)	-0.487** (0.214)	0.033 (0.203)	0.399** (0.175)

The standard errors are given in brackets (). *** indicates significance at a 1% confidence level, ** indicates significance at a 5% confidence level, and * indicates significance at a 10% confidence level.

Table A6
Real Wage and Satisfaction Equations with Heckman Selection (Men and Women)

	Real Wage		Satisfaction with Work Itself	
	Public	Private	Public	Private
Age	0.007*** (0.001)	0.009*** (0.000)	-0.002 (0.002)	0.005*** (0.001)
Trade Union Member	0.141** (0.063)	0.020 (0.024)	-0.520*** (0.198)	-0.362*** (0.074)
Employer Offers Pension	0.020 (0.032)	0.201*** (0.007)	-0.146 (0.101)	-0.023 (0.021)
Married	0.042*** (0.011)	0.135*** (0.007)	0.144*** (0.035)	0.141*** (0.021)
Living as Couple	0.032** (0.013)	0.119*** (0.007)	-0.038 (0.043)	0.033 (0.022)
Widowed	-0.084*** (0.032)	-0.091*** (0.028)	0.359*** (0.103)	0.283*** (0.084)
Divorced	0.003 (0.017)	0.052*** (0.012)	-0.040 (0.055)	0.115*** (0.038)
Higher Level Education	0.468*** (0.042)	0.398*** (0.011)	-0.282** (0.133)	-0.112*** (0.035)
Medium Level Education	0.160*** (0.025)	0.142*** (0.007)	-0.179** (0.080)	-0.064*** (0.021)
Health Problems	-0.026*** (0.007)	-0.053*** (0.004)	-0.186*** (0.023)	-0.117*** (0.014)
No. of Children	0.052*** (0.004)	0.067*** (0.003)	0.023* (0.013)	0.028*** (0.008)
Renter	-0.202*** (0.014)	-0.214*** (0.007)	0.102** (0.045)	0.037* (0.022)
Medium Firm	0.055*** (0.012)	0.082*** (0.006)	-0.140*** (0.037)	-0.220*** (0.017)
Large Firm	0.102*** (0.012)	0.162*** (0.006)	-0.225*** (0.038)	-0.315*** (0.019)
Regional Dummies	Yes	Yes	Yes	Yes
Constant	1.893*** (0.200)	1.749*** (0.013)	6.820*** (0.631)	5.375*** (0.040)
Age	0.012*** (0.001)	-0.012*** (0.001)	0.012*** (0.001)	-0.012*** (0.001)
Trade Union Member	1.064*** (0.013)	-1.050*** (0.013)	1.063*** (0.013)	-1.050*** (0.013)
Employer offers Pension	0.427*** (0.016)	-0.348*** (0.016)	0.428*** (0.016)	-0.348*** (0.016)
Married	-0.087*** (0.019)	0.084*** (0.019)	-0.087*** (0.019)	0.085*** (0.019)
Living as Couple	-0.117*** (0.021)	0.111*** (0.021)	-0.118*** (0.021)	0.111*** (0.021)
Widowed	0.267*** (0.065)	-0.238*** (0.064)	0.268*** (0.065)	-0.237*** (0.064)
Divorced	0.148*** (0.031)	-0.135*** (0.031)	0.149*** (0.031)	-0.134*** (0.031)
Higher Level Education	0.702*** (0.018)	-0.590*** (0.018)	0.703*** (0.018)	-0.590*** (0.018)
Medium Level Education	0.372*** (0.019)	-0.258*** (0.019)	0.373*** (0.019)	-0.258*** (0.019)
Health Problems	0.059*** (0.012)	-0.054*** (0.012)	0.060*** (0.012)	-0.054*** (0.012)
No. of Children	0.013* (0.007)	-0.015** (0.007)	0.013* (0.007)	-0.015** (0.007)
Renter	-0.100*** (0.022)	0.124*** (0.022)	-0.100*** (0.022)	0.124*** (0.022)
Medium Firm	0.133*** (0.016)	-0.144*** (0.016)	0.133*** (0.016)	-0.145*** (0.016)
Large Firm	0.138*** (0.016)	-0.155*** (0.016)	0.139*** (0.016)	-0.155*** (0.016)
Regional Dummies	Yes	Yes	Yes	Yes
Constant	-2.082*** (0.039)	1.886*** (0.039)	-2.082*** (0.039)	1.886*** (0.039)
Mills Ratio	-0.009 (0.086)	-0.050 (0.044)	-0.561** (0.272)	0.290** (0.134)

The standard errors are given in brackets (). *** indicates significance at a 1% confidence level, ** indicates significance at a 5% confidence level, and * indicates significance at a 10% confidence level.

Table A7
Satisfaction Equations with Heckman Selection (Men and Women)

	Satisfaction With Pay		Satisfaction With Job Security	
	Public	Private	Public	Private
Age	0.014*** (0.003)	0.003*** (0.001)	0.003 (0.003)	-0.011*** (0.001)
Trade Union Member	0.543** (0.237)	-0.106 (0.086)	0.234 (0.234)	-0.566*** (0.084)
Employer Offers Pension	0.599*** (0.121)	0.277*** (0.025)	0.746*** (0.119)	0.153*** (0.024)
Married	0.007 (0.042)	0.157*** (0.025)	0.046 (0.040)	0.066*** (0.024)
Living as Couple	-0.072 (0.052)	0.049* (0.026)	0.050 (0.050)	0.055** (0.025)
Widowed	0.351*** (0.125)	0.234** (0.097)	0.096 (0.119)	-0.007 (0.095)
Divorced	-0.192*** (0.067)	-0.020 (0.044)	-0.012 (0.064)	-0.000 (0.043)
Higher Level Education	0.488*** (0.160)	0.139*** (0.040)	0.328** (0.157)	-0.257*** (0.039)
Medium Level Education	0.190** (0.096)	0.058** (0.025)	0.170* (0.094)	-0.083*** (0.024)
Health Problems	-0.057** (0.028)	-0.150*** (0.016)	-0.088*** (0.027)	-0.103*** (0.015)
No. of Children	0.054*** (0.015)	0.002 (0.009)	0.003 (0.015)	-0.030*** (0.009)
Renter	-0.267*** (0.054)	-0.156*** (0.025)	-0.253*** (0.052)	0.026 (0.024)
Medium Firm	0.070 (0.044)	-0.103*** (0.020)	0.061 (0.043)	-0.226*** (0.019)
Large Firm	-0.078* (0.046)	0.025 (0.022)	-0.073* (0.044)	-0.335*** (0.022)
Regional Dummies	Yes	Yes	Yes	Yes
Constant	2.304*** (0.755)	4.491*** (0.047)	4.463*** (0.744)	5.935*** (0.046)
Age	0.012*** (0.001)	-0.012*** (0.001)	0.012*** (0.001)	-0.012*** (0.001)
Trade Union Member	1.063*** (0.013)	-1.050*** (0.013)	1.064*** (0.013)	-1.050*** (0.013)
Employer offers Pension	0.428*** (0.016)	-0.347*** (0.016)	0.428*** (0.016)	-0.348*** (0.016)
Married	-0.086*** (0.019)	0.085*** (0.019)	-0.085*** (0.019)	0.084*** (0.019)
Living as Couple	-0.117*** (0.021)	0.111*** (0.021)	-0.117*** (0.021)	0.111*** (0.021)
Widowed	0.268*** (0.065)	-0.237*** (0.064)	0.269*** (0.065)	-0.239*** (0.065)
Divorced	0.149*** (0.031)	-0.134*** (0.031)	0.150*** (0.031)	-0.134*** (0.031)
Higher Level Education	0.703*** (0.018)	-0.590*** (0.018)	0.703*** (0.018)	-0.589*** (0.018)
Medium Level Education	0.373*** (0.019)	-0.258*** (0.019)	0.373*** (0.019)	-0.257*** (0.019)
Health Problems	0.059*** (0.012)	-0.054*** (0.012)	0.060*** (0.012)	-0.054*** (0.012)
No. of Children	0.013* (0.007)	-0.015** (0.007)	0.012* (0.007)	-0.015** (0.007)
Renter	-0.100*** (0.022)	0.124*** (0.022)	-0.101*** (0.022)	0.124*** (0.022)
Medium Firm	0.133*** (0.016)	-0.145*** (0.016)	0.132*** (0.016)	-0.145*** (0.016)
Large Firm	0.138*** (0.016)	-0.155*** (0.016)	0.137*** (0.016)	-0.155*** (0.016)
Regional Dummies	Yes	Yes	Yes	Yes
Constant	-2.084*** (0.039)	1.886*** (0.039)	-2.080*** (0.040)	1.887*** (0.039)
Mills Ratio	0.850*** (0.325)	-0.008 (0.156)	0.233 (0.321)	0.433*** (0.151)

The standard errors are given in brackets (). *** indicates significance at a 1% confidence level, ** indicates significance at a 5% confidence level, and * indicates significance at a 10% confidence level.

Table A8
Satisfaction Equations with Heckman Selection (Men and Women)

Satisfaction With Working Hours		
	Public	Private
Age	-0.011*** (0.003)	-0.002** (0.001)
Trade Union Member	-0.779*** (0.219)	-0.195** (0.079)
Employer Offers Pension	-0.012 (0.111)	-0.012 (0.023)
Married	0.013 (0.038)	-0.070*** (0.023)
Living as Couple	0.020 (0.047)	-0.090*** (0.024)
Widowed	0.012 (0.114)	0.323*** (0.090)
Divorced	-0.075 (0.061)	-0.102** (0.040)
Higher Level Education	-0.751*** (0.147)	-0.207*** (0.037)
Medium Level Education	-0.289*** (0.088)	-0.033 (0.023)
Health Problems	-0.168*** (0.026)	-0.114*** (0.015)
No. of Children	-0.015 (0.014)	-0.051*** (0.009)
Renter	0.123** (0.049)	0.034 (0.023)
Medium Firm	-0.103** (0.041)	-0.093*** (0.018)
Large Firm	-0.069* (0.042)	-0.059*** (0.021)
Regional Dummies	Yes	Yes
Constant	7.534*** (0.697)	5.450*** (0.043)
Age	0.012*** (0.001)	-0.012*** (0.001)
Trade Union Member	1.064*** (0.013)	-1.050*** (0.013)
Employer offers Pension	0.427*** (0.016)	-0.348*** (0.016)
Married	-0.086*** (0.019)	0.085*** (0.019)
Living as Couple	-0.117*** (0.021)	0.111*** (0.021)
Widowed	0.268*** (0.065)	-0.237*** (0.064)
Divorced	0.149*** (0.031)	-0.134*** (0.031)
Higher Level Education	0.702*** (0.018)	-0.590*** (0.018)
Medium Level Education	0.372*** (0.019)	-0.258*** (0.019)
Health Problems	0.060*** (0.012)	-0.054*** (0.012)
No. of Children	0.013* (0.007)	-0.015** (0.007)
Renter	-0.100*** (0.022)	0.124*** (0.022)
Medium Firm	0.133*** (0.016)	-0.145*** (0.016)
Large Firm	0.138*** (0.016)	-0.155*** (0.016)
Regional Dummies	Yes	Yes
Constant	-2.081*** (0.039)	1.886*** (0.039)
Mills Ratio	-0.668** (0.300)	0.278* (0.143)

The standard errors are given in brackets (). *** indicates significance at a 1% confidence level, ** indicates significance at a 5% confidence level, and * indicates significance at a 10% confidence level.