

# The Good Life: Comparing Job Quality Between the Private, Public and Voluntary Sectors<sup>1</sup>

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*Are jobs in the voluntary sector “good jobs”? We examine job satisfaction and attitudinal data from the Workplace Employment Relations Survey (WERS) to estimate sector differences in unobserved job quality between the private, public and voluntary sectors. We find evidence of lower job quality in the public sector, while the voluntary sector is more similar to the private sector in some dimensions and the public sector in others. Voluntary sector jobs appear of similar quality to the private sector when examined in the economy as a whole. However, when jobs are compared within the Health & Social Work industries, voluntary sector jobs appear significantly lower quality than the private sector.*

JEL Codes: J28; J45; J81; L31

## **Introduction**

Are jobs in the voluntary sector “good jobs”? The mission-motivated, nonprofit voluntary sector is seen as attracting workers who share the organisations’ goals, and gain a warm-glow utility as part of their compensation. Analysis of sector wage differences finds mixed evidence of voluntary sector wage discounts, and in key industries voluntary organisations pay a premium above the private sector. But these empirical studies examine worker data, and are not able to control for unobserved job heterogeneity. To the extent that there are systematic differences in job characteristics between sectors, this will bias estimates of sector differences. The difficulty is in controlling for differences in the product market, and in quality produced by the organisations. In the health and social work industries quality can be difficult to measure and even observe. In particular, private sector care providers may engage in cream-skimming, where motivated by profit they provide services to the “easiest” cases. In the voluntary sector, with a significant mission motivation, organisations may engage in the opposite, helping those most in need and who are most “difficult” to provide services to.

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