

Tenure Effects on Job Satisfaction for Career and Non Career Labour Markets

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One of the most consistent findings in the literature regarding the utility from work and job satisfaction is that of a large and significant effect of job security on job satisfaction. However, the repercussions of this finding for the duration of the employment relationship, that is job tenure and the career profile of an employee is not yet well understood. This paper investigates the relationship between career status, job tenure, earnings and job satisfaction utilising the British Household Panel Survey Dataset (BHPS). This panel dataset gives direct information on individuals' promotion prospects and pay arrangements on the basis of which the career or non-career status of the individual is defined. Career status is modelled as an endogenous variable, subject to an initial job choice. Then, the effect of job tenure on job satisfaction for individuals with career and non-career prospects is investigated. In addition, the endogeneity of tenure on earnings and on job satisfaction is taken into account by the use of Instrumental variable estimation. It is found that job satisfaction of individuals employed in jobs with career prospects is not only higher compared with the remainder but also the returns to tenure in terms of utility as measured by the job satisfaction is higher. The tenure-job satisfaction profiles of the carer and non-career employees have statistically significant differences in terms of both shape and level.