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## An Ordered Probit Model of Job Satisfaction in the Former Yugoslav Republic of Macedonia

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### Abstract

The aim of this paper is to investigate empirically the determinants of job satisfaction in the Former Yugoslav Republic of Macedonia (FYROM). Job satisfaction is correlated with labor market behavior demonstrated through productivity. The data set survey of 2000 employees is used to investigate the job satisfaction in the FYROM. Due to the lack of data from the State Statistical Office or other relevant institutions, we carry out a survey which involves interviews with employees and covers the entire region of the country. Ordered probit model is employed to measure the relationships of job satisfaction to a variety of individual and job-related characteristics. The results show that employees with good education, wage level satisfaction, good work conditions, career and secure job, as well as longer experience are more satisfied with their jobs than those who are less educated, wage level dissatisfied, have bad work conditions, not so successful career and job security and shorter experience. Contrary to previous studies, the skills management does not have any effect on job satisfaction, no matter whether it is bad or good. Furthermore, good relationships of the employees with the management, with consumers and with friends show positive impact on job satisfaction compared to those who have bad relationships. This result is in line with the previous literature from the field. Other results also conform to those found in the literature, such as women being more satisfied than men. These results may be useful to policy makers both at the public and private sector and employers in general. The study has some limitations with possibility to include social relations such as volunteering, meeting with friends, visiting relatives and religious institutions.

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## 1. Introduction

The objective of this paper is to examine the job satisfaction and its determinants in the FYROM. Job satisfaction has been investigated in several disciplines, for instance in Psychology (Argyle, 1989), Sociology (Hodson 1985, Loscocco 1990), Economics (Hamermesh, 1977, 2001; Freeman 1978, Gazioglu and Tansel. 2006), and Management Science (Hunt and Saul, 1975, Jones and Slone 2009 and Fiorillo and Nappo 2011). Hamermesh (2001) claims that investigating job satisfaction is still important for understanding labor market behavior and economic growth. The employers prefer having satisfied employees, since higher job satisfaction is accompanied with higher employees' productivity. Therefore, it is important to study the determinants of job satisfaction. The employees are one of the most important assets in the enterprise and any successful aim of the organization depends on the motivation of the employees. Hence, the organization and human factor should be considered as synonymous, because well-managed organization is looking to the employees as the main path source of quality and productivity benefit. The effective enterprise is the one which has a high degree of achievement of its objectives.

Furthermore, the effective enterprise should make sure that there is a spirit of cooperation and satisfaction among their employees. Different aspects of job satisfaction have been studied in the literature. These include the investigation of job satisfaction with gender (Clark, 1997), wage growth (Clark, 1999), age (Hunt and Saul, 1975; Clark et al., 1996) comparison of income and unemployment (Clark and Oswald, 1996), work environment and relations with manager (Gazioglu and Tansel, 2006), job matching (Belfield and Harris, 2002), service sector (Brown and McIntosh, 2003), work commitment, job satisfaction, and job performance (Cramer, 2004), job satisfaction, individuals characteristics and social relations (Fiorillo and Nappo, 2011) and job satisfaction and perceived gender equality ( Semykina and Linz, 2013). This paper contributes to the growing existing economic literature, for the later review of the literature.

Thus, the main objective of the paper is to investigate empirically the job satisfaction and the relationships of the individuals with job characteristics. We use primary data which involve interviews with employees and cover the entire region in the FYROM. Following the path of the above mentioned authors, we employ an ordered probit model so that we are able to assess the job satisfaction in the country correctly. In order to check for the robustness results, we take into the account several measures of job satisfaction. The paper is organized as follows: Section II presents the descriptive statistics, Section III the econometrics modeling, Section IV the econometrics results and Section V the conclusion.

## 2. Descriptive Statistics

The data set survey of 2000 employees is used to investigate the job satisfaction in the FYROM. Due to the lack of data from the State Office of Statistics or other relevant institutions, we carry out a survey which involves interviews with employees and cover the entire region in the country. We measure job satisfaction as a dependent variable, through the question "How satisfied do you feel with your job"? The individual responses to the question are such as: "Very dissatisfied", "Somewhat dissatisfied", "Neutral", "Somewhat satisfied" and "Very Satisfied". The responses of individuals are recoded as a five ordered measured with value from 1 to 5. "Not at all satisfied" is measured with 1 and "Very satisfied" with 5.

The Table 1 shows the cross-tabulation of the five job satisfaction measures as a dependent variable. As seen from Table 1, most correspondents' responses are that they are somewhat satisfied with their job. The items somewhat satisfied and very satisfied count for 65%, while the other items - very dissatisfied, somewhat dissatisfied and neutral count for 35%. This result shows that native employees seem to be somewhat satisfied with their job.

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