

**Determinants of Job Satisfaction when Individuals' Baseline
Satisfaction Levels May Differ**

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A growing literature seeks to explain differences in individuals' self-reported satisfaction with their jobs. Most of the accumulated evidence so far has, however, been based on cross-sectional data and when panel data have been used, individual unobserved heterogeneity has been modelled following the random effects approach, namely using the ordered probit model with random effects. This paper makes use of longitudinal data for Denmark, taken from the waves 1995-1999 of the European Community Household Panel, and estimates fixed effects ordered logit models using the estimation methods proposed by Ferrer-i-Carbonel and Frijters (2004) and Das and Van Soest (1999). For comparison and testing purposes a random effects ordered probit is also estimated. Estimations are carried out separately on the samples of men and women for individuals' overall satisfaction with the jobs they hold. We find that using the fixed effects approach (that clearly rejects the random effects specification), considerably reduces the number of key explanatory variables. In addition to wages, good health and being a public sector employee are particularly important in explaining individual differences in job satisfaction. Moreover, the impact of being employed on a temporary contracts or working in the public sector differs between the genders.

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