

Does low job satisfaction lead to higher job mobility?

Investigating the role of local labor market conditions

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One predictor of job mobility is job satisfaction. However, not being satisfied with one's job is merely a necessary condition for changing jobs. For a job change to actually take place, better jobs need to be available and affordable (in terms of switching costs). Consequently, the effect of job satisfaction on job turnover should vary strongly with the (local) availability of alternative jobs (cf., e.g., Muchinsky & Morrow 1980). Previous studies still mostly look separately at either the effect of job satisfaction¹ or the effect of labor market conditions² on job mobility.

Against this background, we have a closer look at the interaction of job satisfaction, local labor market conditions (LLMC) and job mobility. We use German SOEP (2017) from 2000 to 2015 to investigate to what extent the effect of job satisfaction on job change varies with LLMC. We examine whether there are important nonlinearities in the effect of job satisfaction on job change by taking into account the ordinal nature of job satisfaction (see, e.g., Green 2010).

Our results confirm that job satisfaction predicts job mobility, even when controlling for the LLMC. We find that this relationship is highly nonlinear. Increasing job satisfaction of an individual with median satisfaction hardly changes her job move probability, whereas increasing the job satisfaction of extremely unsatisfied individuals just a little bit results in large changes in their job move probabilities. When taking the local labor markets into account we find that only dissatisfied individuals do respond to better (worse) LLMC with a higher (lower) probability of job change. We also study effect heterogeneity with respect to other variables that affect the costs and benefits of job mobility such as family status, education and age.

¹ See, e.g., Freeman 1987, Clark et al. 1998, Lévy-Garboua et al. 2007, Cornelißen 2009, Green 2010.

² See, e.g., Finney & Kohlhase 2008, Bleakley & Lin 2012. One exemption is Trevor (2001) who investigates the interaction effect between job satisfaction and the availability of alternative jobs on turnover using US data from 1980 to 1992.

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