**Job Evaluation at McChicken**

In this case we faced with a problem of analyzing key determinants of job performance at the biggest fast-food chain McChicken.

According to the assignment three categories of employees were chosen: Ok, Good and Best. These categories are our dependent variable, while others (wage, experience, job importance and fixed wage) are independent.

First, we estimate the summary statistics value and make a conclusion that the most part of “best” have job difficulty level less than 50; most of “good” have job difficulty level around 50; most of “ok” have job difficulty level more than 50. All “good” categories have experience more than 5 years; “best” and “ok” are experienced at different levels; but “best” categories have a little bit lower average experience. We intent to include experience in square that help us to catch its effect better.

As our dependent variable is ordered then it is logically to use ordered Probit and Logit regression in further analysis.

So, First we run *oprobit* in Stata and computed marginal effect for our possible three outcomes. For the first outcome effect is following: 1 level increase in Job Importance increase our predicted value of being “Ok” by 3%; for those who obtain a fixed wage probability to be “Ok” is 12% lower; $100 increase in wage leads to 4% higher probability to be “Ok”; 1 year increase in experience decreases probability of being “Ok” by 2,3%.

For the second outcome we can conclude: 1 level increase in Job Importance leads to 1,4% decrease in probability of being “Good”, for those with fixed wage probability to be “Good” is 5,3% higher; 100 units increase in wage show the 2,2% lower probability to be “Good”; 1 year increase in experience brings us 1% increase in probability while return on experience decreases by 0,13%.

For the third outcome we receive the following result: 1 level increase in Job Importance decrease probability of being “Best” by 1,8%; for those with fixed wage probability to be “Best” is 6,8% higher; 100 units increase in wage leads to 2,7% lower probability to be “Best”; 1 year increase in experience increase probability of being “Best” by 1,3% while return on experience decreases by 0,18%.

The *ologit* regression provides us with the very similar results.

To sum up what motivates employees to perform better we come up with the analysis of descriptive statistics:

|  |  |  |  |
| --- | --- | --- | --- |
| Category 3, Best | **Marginal affects for Mr. Average, Ordered Probit** | | |
|  | **OK** | **GOOD** | **BEST** |
| **Job Importance** | 0,03228 | -0,01423 | -0,01804 |
| **Wage** | 0,00049 | -0,00021 | -0,00027 |
| **Experience** | -0,02298 | 0,01013 | 0,01285 |
| **Experience squred** | 0,00314 | -0,00139 | -0,00176 |
| **Fixed wage** | -0,12105 | 0,05297 | 0,06808 |

So, based on this information we can conclude that more important job leads to lower performance; people with fixed wages shows better performance; workers with higher experience tend to perform better, and higher wages decrease employee’s desire to do the best.