Profitable Career Paths: The Importance of Occupational and Industry Expertise

By

Alexandros Zangelidis

Discussion Paper 2004-10
October 2004

Editor: Dr W David McCausland
www.abdn.ac.uk/business/
Abstract
This paper departs from the conventional assumption that divides accumulated in work human capital into employer-specific and general labour market skills, and pursues the idea of industry and occupational specificity. Occupation-specific skills are estimated to have an important contribution in wage determination, while the evidence on industry specificity is not strong and in some cases inconclusive. The findings also outline that industry and occupational expertise are truly important to individuals’ earnings in industry sectors and occupations that are characterised by high-paying, prestigious but, competitive and demanding jobs, like professional and managerial jobs or jobs in the banking and finance sector.

Keywords: Human Capital; Occupational Expertise, Industry Experience, Wages

JEL classification: J24, J31, J41

* The author thanks Mark Stewart, Robin Naylor, Erling Barth and Jeff Frank for useful comments and suggestions. Helpful comments were also received by participants at the 2003 Royal Economic Society conference at Warwick, the 2004 European Association of Labour Economists conference at Lisbon, and seminars at the University of Warwick and Aberdeen. Research support granted by ESRC (fund no: R00429934482) is kindly acknowledged. The British Household Panel Survey data are available from the Economic and Social Research Data Archive at the University of Essex, UK.
2001 SERIES

- 2001-01
  Regional Earnings Inequality in Great Britain: A Decomposition Analysis,
  Heather Dickey, January 2001

- 2001-02
  The Regulation of Professional Team Sports, Peter Sloane, January 2001

- 2001-03
  Externalities from Co-Workers' Education: The Effects on Earnings, Job
  Satisfaction and Establishment Performance, Harminder Battu, Clive Belfield and
  Peter Sloane, January 2001

- 2001-04 **Centre for European Labour Market Research**
  Training and Hysteresis Effects on the Wage Inflation - Unemployment
  Relationship, WD McCausland and I Theodossiou, May 2001

- 2001-05 **Centre for European Labour Market Research**
  Personnel Decisions, Wage Profiles and Firms Investment, J Skatun and I
  Theodossiou, May 2001

- 2001-06 **Centre for European Labour Market Research**
  Occupational Segregation and the Male Female Wage Gap in Germany between

- 2001-07
  Residential water demand modeling: A nonlinear approach, A Mentes, Y
  Mylopoulos and I. Theodossiou, May 2001

- 2001-08 **Centre for European Labour Market Research**
  The Effects of Socio-Economic Conditions on the Health of the Elderly, K
  Bender and I Theodossiou, September 2001

- 2001-09
  The Role of Job Attributes in Understanding the Public-Private Sector Wage
  Differential, K. A. Bender and R. F. Elliott, September 2001

- 2001-10 **Centre for European Labour Market Research**
  The impact of research assessment and teaching quality exercises on the UK
  university system, Peter J Sloane, December 2001
2002 SERIES

- **2002-01**
  The Euro, Income Divergence and Monetary Union, I McAvinche and W. D. McCausland, January 2002
- **2002-02** Centre for European Labour Market Research
- **2002-03** Centre for European Labour Market Research
  Female participation and wages in rural labour markets: evidence from the British Household Panel Survey, Euan Phimister, March 2002
- **2002-04** Centre for European Labour Market Research
  Low pay and income in rural areas: evidence from the BHPS, Alana Gilbert, Euan Phimister and Ioannis Theodossiou, March 2002
- **2002-05** Centre for European Labour Market Research
  Take some days off, why don’t you: endogenous sick leave and pay, John D Skåtun, April 2002
- **2002-06** Centre for European Labour Market Research
  Higher return on capital and Spirit of the Entrepreneurs, ambition and satisfaction among the Turkish and Bangladeshi Ethnic Minorities in London, Saziye Gazioglu, July 2002
- **2002-07** Centre for European Labour Market Research
  Returns to Qualifications and Occupation: Evidence from the British Workplace Employment Relations Survey (WERS) 1998, Ioannis Theodossiou, July 2002
- **2002-08** Centre for European Labour Market Research
- **2002-09** Centre for European Labour Market Research
  Intra generational occupational mobility: Markov model for ethnic differences in the United Kingdom, Saziye Gazioglu, October 2002
2003 SERIES

- 2003-01 Centre for European Labour Market Research
  Do oppositional identities reduce employment for ethnic minorities?, Harminder Battu, McDonald Mwale and Yves Zenou, February 2003
- 2003-02
  Theories of Regional Clusters: Competition and Cooperation, David Newlands, July 2003
- 2003-03
  The Role of Universities in Learning Regions: Some Grounds for Scepticism, David Newlands, July 2003

2004 SERIES

- 2004-01 Centre for European Labour Market Research
  Worker Absenteeism: A Study of Contagion effects, Tim Barmby and Makram Larguem, February 2004
- 2004-02 Centre for European Labour Market Research
  Ethnic enclaves and employment in England and Wales, Harminder Battu and Macdonald Mwale, February 2004
- 2004-03 Centre for European Labour Market Research
  A Note on the Labour Supply Behaviour of NYC Cabdrivers: Does Experience Count?, Tim Barmby, March 2004
- 2004-04 Centre for European Labour Market Research
  Urban Effects on Participation and Wages: Are there Gender Differences, Euan Phimister, August 2004
- 2004-05 Centre for European Labour Market Research
  Is it Easier to Escape from Low Pay in Urban Areas? Evidence from the UK, Euan Phimister, Ioannis Theodossiou and Richard Upward, August 2004
- 2004-06 Centre for European Labour Market Research
  Explaining Student Retention: The case of the University of Aberdeen, W David McCausland, Kostas Mavromaras and Ioannis Theodossiou, September 2004
- 2004-07 Centre for European Labour Market Research
  Effects of rotation scheme on fishing behaviour with price discrimination and limited durability: Theory and evidence, Erika Seki, October 2004
- 2004-08 Centre for European Labour Market Research
  Do social preferences increase productivity?: Field experimental evidence from fishermen in Toyama Bay, Jeffrey Carpenter and Erika Seki, October 2004
- 2004-09 Centre for European Labour Market Research
  Seniority profiles in unionised workplaces: Do unions still have the edge? Alexandros Zangelidis, October 2004
- 2004-10 Centre for European Labour Market Research
  Profitable Career Paths: The Importance of Occupational and Industry Expertise Alexandros Zangelidis, October 2004
The Relationship Between Obesity, Lifestyles and Employment Status, Alison Goode, Kostas Mavromaras and Alexandros Zangelidis, October 2004