Abstract

From a macro-level perspective occupational mobility is often seen as an indicator for the flexibility of labor markets and the capacity to adapt to structural economic change. From an individual perspective occupational changes provide the opportunity to switch to more attractive jobs offering better wages and employment prospects. On the other hand, however, witching occupation might also be associated with a loss of occupation-specific human capital and uncertainty about future work conditions. Deriving from human capital and search- and matching theory, the paper investigates short and long term effects of occupational change on individual wages in Germany and Great Britain – concentrating in particular on the wage dynamics between occupational stayers and movers across countries. By differentiating between voluntary and involuntary changers, we are also able to get more insight into the determinants and mechanisms driving occupational mobility in Germany and Great Britain. Moreover, we also focus on the role institutional settings play in explaining different effects of occupational shifts across the two countries. In particular we take into account institutional differences in the labor market, educational and welfare system. Our results indicate that in GB occupational mobility reflects a common path to career success and wage growth. While in Germany the interplay of high employment protection and the importance of educational credentials make occupational changes in general more difficult, there are also some surprising results regarding the wage effects of occupational mobility for some groups of workers. This gives some new (counter-intuitive) evidence on the German occupational labor market. We discuss how the interplay of the different institutional mechanisms explain these results. The analysis is based on the waves 1993-2010 of the BHPS and the SOEP.

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