Attila Gyetvai

Job Mobility Within and Across Occupations
Research Questions

*How do occupations capture diverging wage trajectories?*

*How does occupational mobility impact life cycle wage inequality?*
What I do & find

I document large occupational differences in wage trajectories
  • Hungarian linked administrative data across employers and occupations

I model mobility in an occupationally segmented labor market
  • Opportunities vs. choices using conditional choice probabilities

I uncover substantial occupational heterogeneity in sources of mobility
  • Wage offers, labor market frictions, compensating differences, switching costs

I tie occupational mobility to life cycle wage inequality
  • 94% fit of inequality profile via crossing expected wage trajectories
**Modeling framework**

Employed in occupation $a$ earning wage $i$:

$$
\left( \sum_o \lambda_o^a + \sum_w \chi_{ai}^{aw} + \delta_a + \rho \right) V_a(i) = u_a(i) + \mathbb{E}_w \left[ \chi_{ai}^{aw} V_a(w) \right] + \delta_a V_N \\
+ \mathbb{E}_{o,w,\tilde{c}} \left[ \lambda_o^a \max \{ V_o(w) - \tilde{c}_a, V_a(i) \} \right]
$$

Not employed:

$$
\left( \sum_o \lambda_o^N + \rho \right) V_N = u_N(b) + \mathbb{E}_{o,w,\tilde{c}} \left[ \lambda_o^N \max \{ V_o(w) - \tilde{c}_N, V_N \} \right]
$$
High-skilled workers receive more & better offers than low-skilled

<table>
<thead>
<tr>
<th>Occupation</th>
<th>Total</th>
<th>Share of high/own/low-skill offers (%)</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Managers</td>
<td>2.74</td>
<td>75</td>
<td>0.21</td>
</tr>
<tr>
<td>Professionals</td>
<td>3.96</td>
<td>68</td>
<td>0.24</td>
</tr>
<tr>
<td>Technicians</td>
<td>3.04</td>
<td>76</td>
<td>0.25</td>
</tr>
<tr>
<td>Commercial</td>
<td>1.16</td>
<td>45</td>
<td>0.43</td>
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<tr>
<td>Industry</td>
<td>0.95</td>
<td>36</td>
<td>0.34</td>
</tr>
<tr>
<td>Machine operators</td>
<td>1.85</td>
<td>62</td>
<td>0.33</td>
</tr>
<tr>
<td>Elementary</td>
<td>1.20</td>
<td>42</td>
<td>0.99</td>
</tr>
<tr>
<td>Out of labor force</td>
<td>0.93</td>
<td>87</td>
<td></td>
</tr>
</tbody>
</table>

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Early on, better to focus on skill content than wages
Fitting life cycle wage inequality

- Adding occupations
- No heterogeneity

Variance of wages (log points) vs. Age

Data
Adding occupations
No heterogeneity

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Fitting life cycle wage inequality

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Research Questions

*How do occupations capture diverging wage trajectories?*

- Wage offers
- Non-wage amenities
- Labor market frictions
- Non-pecuniary job switching costs

*How does occupational mobility impact life cycle wage inequality?*

*It fits wage dispersion via diverging paths*

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