

Age and Gender Differences in Job Mobility and Its Rewards

Ivan Privalko

02 December 2019

Contents

Abstract	1
Introduction	1
Job searching and Job matching	1
Methodology	2
Results	2
Descriptive statistics	2
References	7

Abstract

The article uses data from Russia’s Longitudinal Monitoring Survey to consider age and gender differences in the probability and consequences of quits and promotions. It argues that overall quit rates are similar for young men and women, but finds gender differences among older workers. When several personal and job characteristics are held constant, however, the quit rates of young men and women are about the same, suggesting gender differences are explained by early career sorting. When controlling for individual heterogeneity (through the use of fixed effects estimation), it is found that, quitting does not improve current wages while promotions contain a significant earnings premium, at least in the short term. Results help to understand inequality in wages and conditions that occur due to sorting, and the importance of promotions (internal job changes with the same employer) as a “life chance” which improves earnings in the immediate sense.

Introduction

Job searching and Job matching

Two theoretical approaches make predictions about job mobility processes, these are the *job-searching* and *job-matching* approaches. Both suggest that poor work environments, either from inadequate pay or inadequate conditions, push workers to search for new positions (Kalleberg and Mastekaasa 2001; Gesthuizen and Dagevos 2008). The *job searching* approach considers the *Reservation Wage*, or the minimum wage a worker will consider before moving to a new position, given her skill set. *Reservation wage X* drives employers out of unemployment, by capturing the minimum wage that workers will accept before taking a job. *Reservation wage Y* where ($X < Y$) drives employees to new positions either within or between firms, by capturing the minimum wage that a worker will accept before changing positions. If a previously unemployed

worker accepts *Wage X* that is below *Wage Y*, they are assumed to continue job searching until they find their reservation wage (Schmelzer 2010; Burdett 1978).

The *job-matching* approach is one where workers take time to evaluate whether their skills are a good fit for their tasks at work. Since work is an experience good, workers must try several jobs before finding a match. The large rates of mobility that workers see in the early stages of their career, is their navigation of the labour market, where individual employers and jobs are compared relative to a worker's skills and level of experience (Sørensen 1977; Thurow 1975).

Considering both theories together, neither explicitly notes a gender difference in job mobility. Despite this, authors routinely find this difference (Blau and Kahn 1981; Keith and McWilliams 1995, 1997, 1999). Blau and Duncan (1981) note young women are more likely to quit when compared to men. Keith and McWilliam (1995) note that economic quits happen at a similar rate for men and women, but that family related changes are more common among young women, when compared to young men. They also find that men are more likely to experience job loss, when compared to young women, suggesting that gender differences stem most from different types of mobility, rather than a gender difference in similar mobility types. Neither family-related mobility nor involuntary mobility are related to processes of job matching or job searching, and so do not apply to our hypotheses directly. However, it is important to note that women's tendency to move jobs for non-economic reasons (tied to care or other family obligations) is clearly an important piece of the gender wage-gap puzzle. Beyond mobility itself, its effects on wages may differ by gender. For example, women may have higher reservation wages than men. Mobility may be more disruptive to their lives, especially if they have children or other family obligations which they try to balance with paid employment. As a result, they may move only for jobs with significantly higher earnings as opposed to men who are less active in the care of children and other family members. As a result men may see earnings as their primary responsibility, and so incremental changes in earnings may be more lucrative for men. Cha (2014) notes a significant difference in the effect of mobility on earnings between women with and without children, but one that runs opposite to the described pattern. Women with children saw few rewards to mobility when compared to women without children, who experienced significant premiums in earnings.

Although other authors find no gender differences between men and women in the wage effects of "economic quits" between young men and women in the early stages of their career (Keith and McWilliams 1995).

This suggests that the wage or conditions premium described above applies more often to men than to women, even when removing gender differences in types of mobility. Some authors argue that the lack of a gender

Methodology

This article uses five rounds of Russia's Longitudinal Monitoring Survey (Rounds 20-24), a representative and longitudinal dataset of Russia's population (???). We focus only on those who are in employment and

Results

This section is split into three parts. First, I present gender differences in mobility, and the wages tied to certain mobility responses. Second, I explore gender differences in mobility using multinomial logistic regression. Finally, we explore the effects of mobility on earnings using fixed-effects linear regression.

Descriptive statistics

Figure 1 considers gender differences in mobility types focusing on observations rather than individuals. Overall, respondents are largely immobile although women (0.814) are less mobile compared to men (0.762). Both men and women (0.044) are equally likely to list a promotion in a given year, although promotions are uncommon in general. Respondents are much more likely to list exiting a firm, with men (0.182) listing more

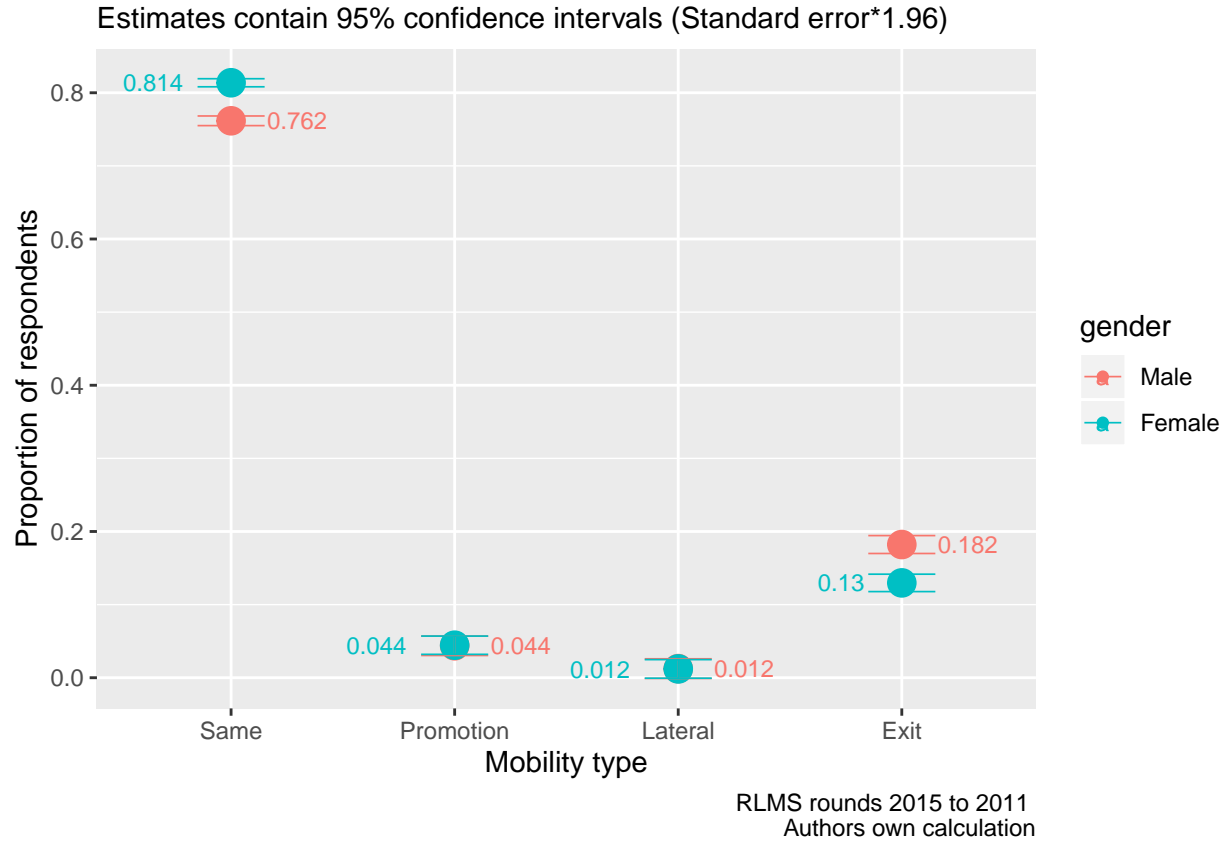


Figure 1: Proportion of respondents citing mobility type by gender

exits than women (0.130). Lateral changes within the firm are the least common and do not appear to have a gender difference. Considering the confidence intervals in Figure 1, it seems gender differences are most prominent in terms of firm exits. Unfortunately we are not able to discern voluntary from involuntary exits, which are particularly important for discussions of reservation wages. However, this category, along with promotions, likely contains the job mobility which is driven by reservation wages.

Figure 2 considers the age differences tied to the changes in Figure 1. We note that younger respondents are more likely to experience promotions and exits. Both of these measures gradually decline as we consider older groups. Notably, gender differences in quits disappear for older respondents, but remain for younger respondents. This effect stems from the sharp decline in men's likelihood of quitting.

Generally, there is a gender and age effect tied job mobility, with younger workers being more mobile than older workers, and younger men being more mobile than younger women. We now turn to the wage differences between these groups. Importantly, we will not consider the effect of promotion or exit on wages, focusing instead on the average wage associated with a given gender and a given mobility type.

Figure 4 captures three important differences. First, there is a gender difference tied to pay, with men earning more than women in each mobility category. Second, there is a mobility difference in pay, with respondents who experience a promotion in the survey year citing significantly more in terms of average earnings, compared to respondents citing a different mobility type in a given survey year. Third, there is a pay penalty among respondents who cite employment exit, but this difference is only significant for men. This effect likely stems from women's pay reaching a "floor". We consider the age differences in this effect below.

Thinking of the patterns in Figure 4, respondents appear to gain the most from mobility aged 36-55, although

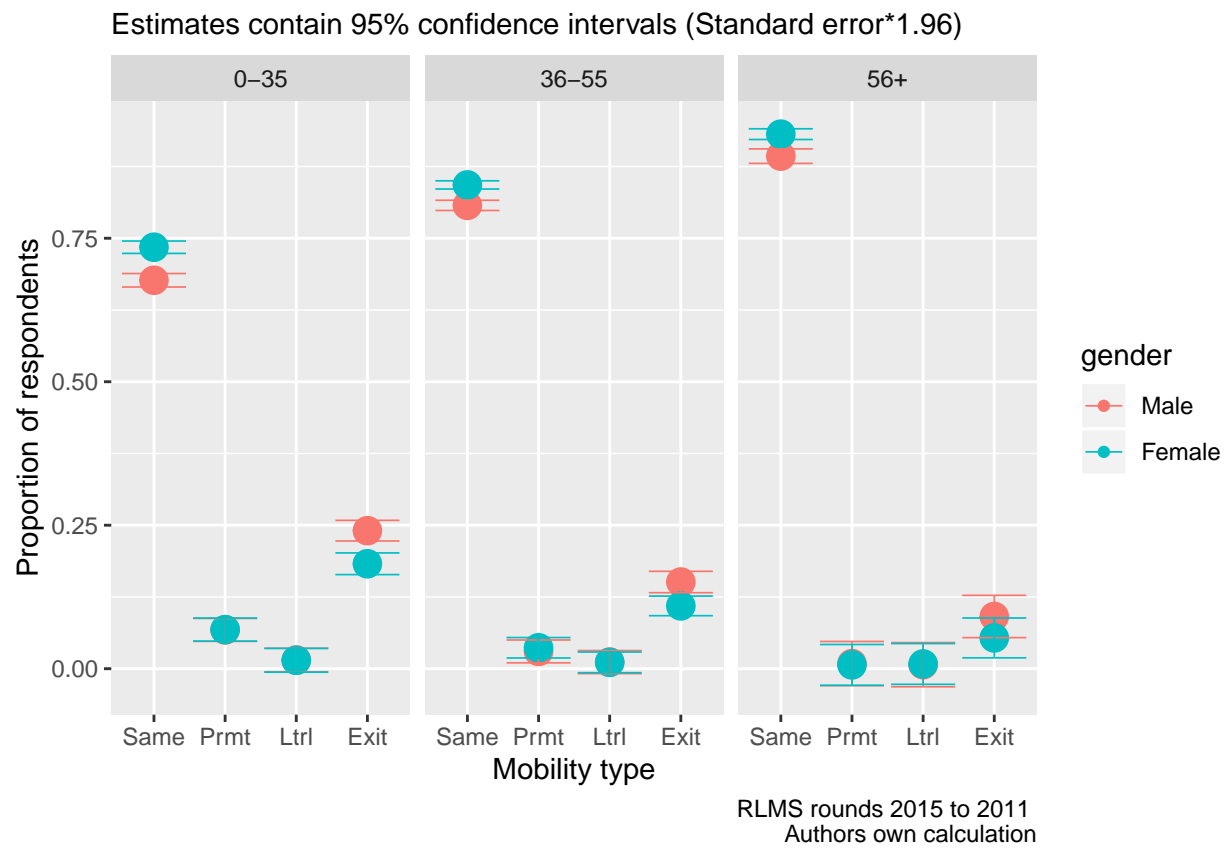


Figure 2: Age and gender differences in mobility

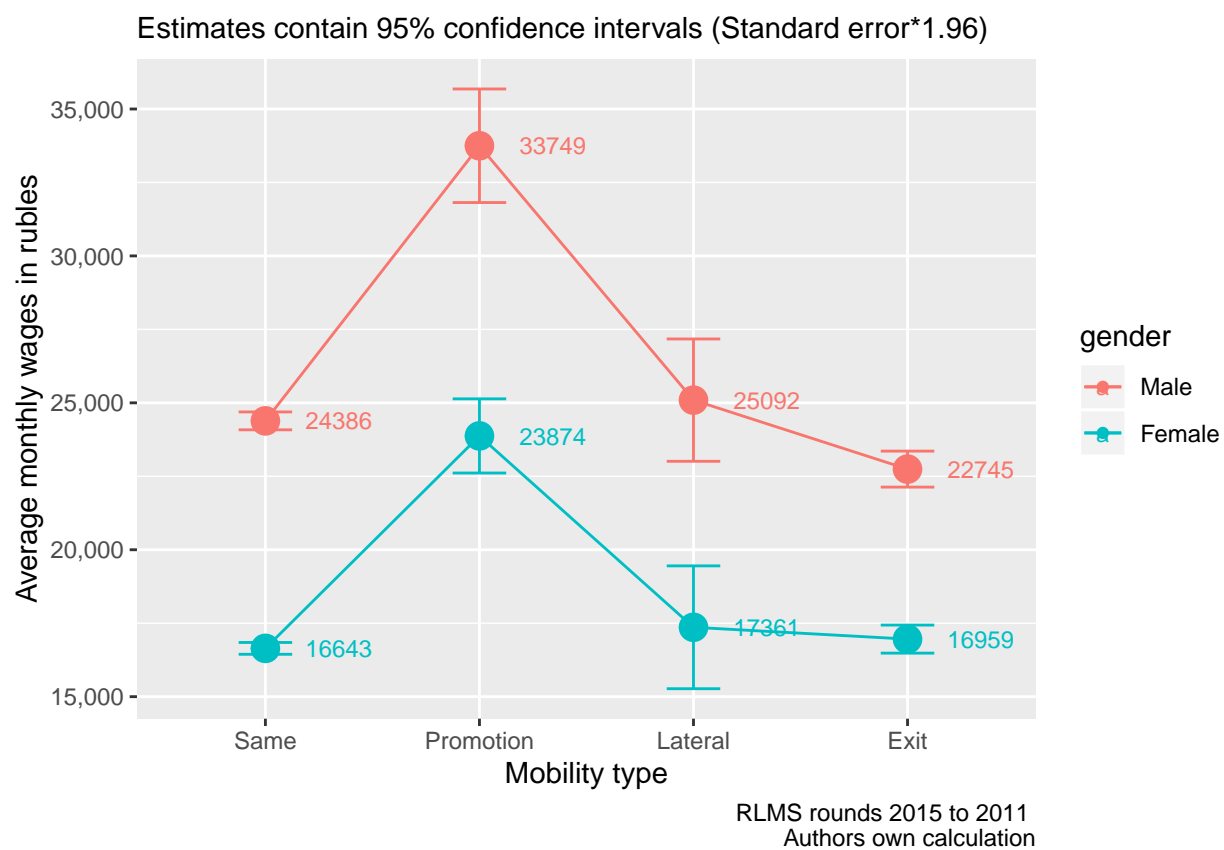


Figure 3: Wage differences between gender and mobility groups

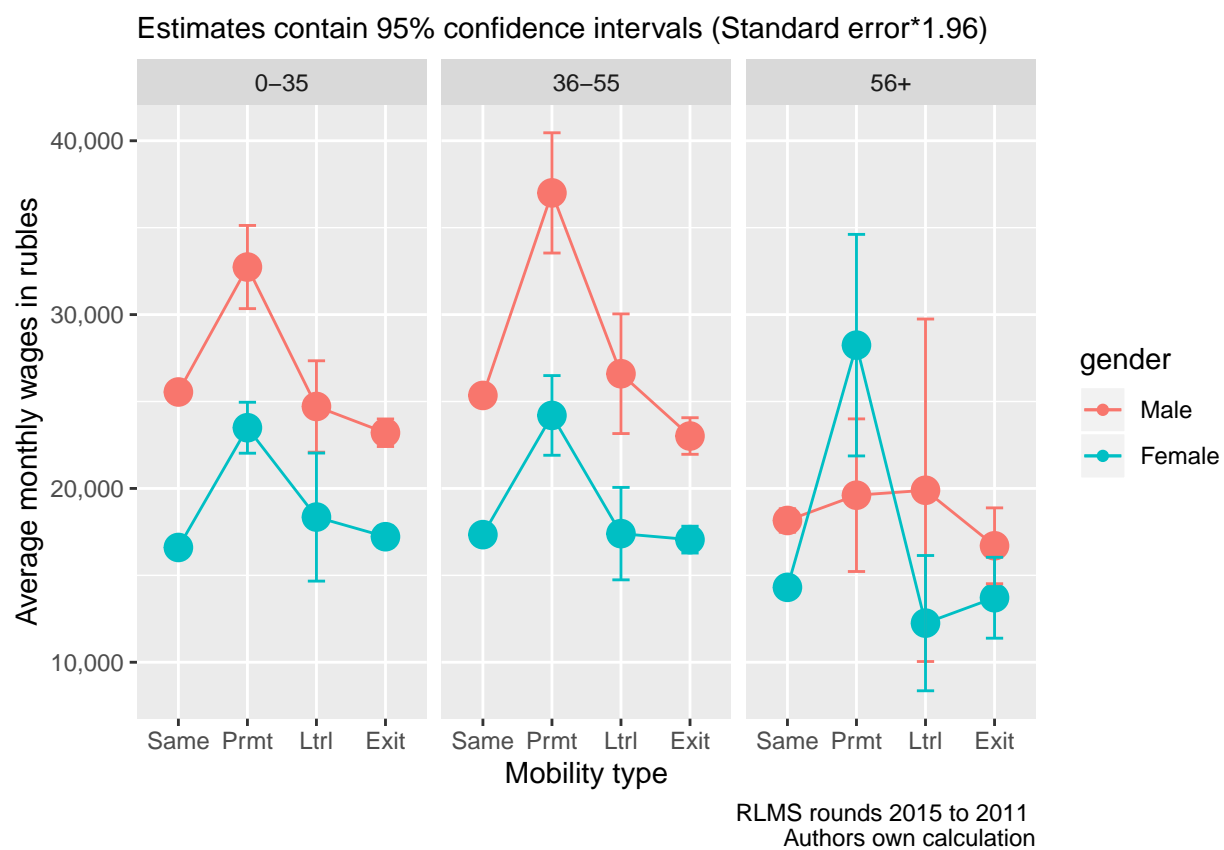


Figure 4: Wage differences between age, gender, and mobility groups

the premium only appears to apply to men. Surprisingly, older groups report the lowest income and also the lowest return on mobility. Older women appear to make significant gainst when citing promotion, however the large confidence intervals suggest this premium is not significantly different from other age groups.

References

- Blau, Francine D, and Lawrence M Kahn. 1981. "Race and Sex Differences in Quits by Young Workers." *ILR Review* 34 (4): 563–77.
- Burdett, Kenneth. 1978. "A Theory of Employee Job Search and Quit Rates." *The American Economic Review* 68 (1): 212–20.
- Cha, Youngjoo. 2014. "Job Mobility and the Great Recession: Wage Consequences by Gender and Parenthood." *Sociological Science* 1: 159.
- Gesthuizen, Maurice, and Jaco Dagevos. 2008. "Mismatching of Persons and Jobs in the Netherlands: Consequences for the Returns to Mobility." *Work, Employment and Society* 22 (3): 485–506.
- Kalleberg, Arne L, and Arne Mastekaasa. 2001. "Satisfied Movers, Committed Stayers: The Impact of Job Mobility on Work Attitudes in Norway." *Work and Occupations* 28 (2): 183–209.
- Keith, Kristen, and Abigail McWilliams. 1995. "The Wage Effects of Cumulative Job Mobility." *ILR Review* 49 (1): 121–37.
- . 1997. "Job Mobility and Gender-Based Wage Growth Differentials." *Economic Inquiry* 35 (2): 320–33.
- . 1999. "The Returns to Mobility and Job Search by Gender." *ILR Review* 52 (3): 460–77.
- Schmelzer, Paul. 2010. "The Consequences of Job Mobility for Future Earnings in Early Working Life in Germany—Placing Indirect and Direct Job Mobility into Institutional Context." *European Sociological Review* 28 (1): 82–95.
- Sørensen, Aage B. 1977. "The Structure of Inequality and the Process of Attainment." *American Sociological Review*, 965–78.
- Thurow, Lester C. 1975. *Generating Inequality*. Basic books.