Introduction:

Patterns of job mobility differ across countries, with liberal states typically showing larger rates of labour market mobility and coordinated states showing lower rates of worker mobility (Mills et al). Russia’s rates present a curious puzzle, despite strong efforts to liberalise the economy, rates of worker movement between jobs are lower today than they were in the Soviet Union of the 1980’s. In short, despite lower rates of inequality in pay and working conditions, mobility between and within firms was more common than it is in modern Russia (IMF et al). One reason for the slowdown may stem from a lack of reward tied to mobility. Although writers cannot explore such returns in Soviet-era data, Russian panel data allows us to ask, “what do workers get from mobility?”

Country differences in mobility rates are important indicators of wider institutional differences (mills et al, di prete 1997). Discussions about the nature of these differences often include relatively stable economies (Pavlopoulos et al, Privalko forthcoming) and rarely feature Eastern European states. Russia has rarely featured in these debates, despite its paradoxical patterns in the data. Despite this, findings from Russia reflect the assumptions found in theoretical frameworks of mobility patterns.

The article has two aims. First, it tests if mobility holds an earnings premium for workers. Does leaving a firm, or securing a promotion, lead to an increase in pay beyond what can be explained by a worker’s fixed characteristics? Comparing and contrasting internal and external mobility allows us to check for premiums in exit and premiums in loyalty among workers (exit loyalty guy). Second, do all workers experience this premium, or are there hierarchical differences between workers regarding who benefits from job mobility? If a premium in mobility exists only for those in top tier occupations, lower rates of mobility likely reflect the lack of reward for the average worker.

We will use the Russian Longitudinal Monitoring Survey to explore these aims. The survey offers a representative and longitudinal sample of the working population. It contains two important strengths. First, the survey records detailed information about job mobility which allows us to distinguish between internal and external mobility easily. The survey’s design also isolates promotions from internal, lateral, changes which likely differ in their impact on workers. Discussions of mobility and its effects often contain complicated operationalisations of job changes (althauser and kalleberg, Keith and McWilliams 1995 1997), the RLMS allows us to avoid these. Second, the survey will allows us to consider differences between workers in the mobility-earnings relationship. Authors often find worker differences in terms of who can benefit from quitting their job or securing a promotion. While the discussion has tended to focus on gender differences (cha, social forces lady), and racial differences (social forces lady), results suggest that lower paid or working class workers have the most to gain from mobility when compared to better paid workers (Pavlopoulos). Detailed occupational categories recorded by the RLMS will allow us to consider the social class of movers.

The article presents two findings. First, although mobility is uncommon, workers are more likely to leave the firm (for voluntary or involuntary) than to receive a promotion or to move laterally. On average promotions lead workers to a 10% increase in earnings, while exits have no significant effect. The premium in promotion remains when we control for changes in age, hours worked, and the size of the firm. This means that even when respondents move to positions with longer hours and more responsibility promotions lead to premiums in pay. Further, when the firm grows (and by extension hires more workers), changes in position lead to premiums in pay, beyond the characteristics of the worker. Second, we find that the premium of promotion is greatest for workers in upper occupations. Workers in middle and lower class occupations do not see a premium tied to promotion. Importantly, working class respondents see a penalty of 5% after job exit to another firm, which does not emerge for workers in middle and higher occupation groups. The findings help to understand

Lit:

Russian levels of job mobility contain an interesting puzzle. Despite high inequality in wages (Clarke 2000, Lukiyanova), and working conditions, workers are largely immobile. In fact, mobility between jobs is lower than in several European countries, and is especially low when compared to levels of mobility in 1980’s Soviet Union (IMF et al, 1991; p143, Clarke 2000). Thus, despite lower levels of inequality in wages and conditions in the Soviet labour market, workers were more mobile than their Russian counterparts, who, at least in theory, have more to gain from mobility. In short, this is the inverse of what is expected in many sociological (and some economic) theories of job mobility.

The benefits of mobile labour markets, at least in the short term, are obvious to employers and managers. Making it easier to hire and fire workers limits their obligations to workers, helping them adjust to labour demands and wider market changes. The benefits of mobile labour markets to workers and their families are less obvious. On one hand, *job-search theories* predict that flexible markets stem from variance in wages and that mobility brings opportunity for improving these wages. Increasing job mobility, in short, allows workers to correct the mismatch between *reservation wage x (*the minimal earnings needed to move from unemployment to employment*)* and *reservation wage y (*the minimal earnings needed to move employers from a given position to a new position*).* In such markets, mobility stems from the fact that wages vary more outside the firm than they do within the firm. As a result, movement will only occur when it is of financial benefit to workers.

In a similar vein, *job-matching* theories claim mobility to new positions is the best way to secure occupational attainment. Since working conditions are an “experience good”, workers must wait before realising whether they are a good fit for their job. They can correct dissatisfaction with work, pay, and conditions by quitting a job or pursuing a promotion for one with a better fit between their ability and their conditions. Here too, rates of voluntary quits and promotions stem from varied conditions in a labour market. By emphasising individualised job matching, policy makers “empower” workers to choose and change their conditions in a varied market. This variance has surely taken place, so much so that Clarke asks whether the growth in private enterprises, which occurred during the 1990’s, meets “*the needs of their employees*” (Clarke and Kabalina 1999; 2000)

Keeping the theories above in mind, Russia should see rates of mobility that are on par Europe. After a turbulent and politically fraught transition period, the country experienced steady growth beginning in 1999 (European parliament 2017[[1]](#footnote-1), Popov 2007[[2]](#footnote-2)). During this time GDP increased by roughly 4-7 per cent 2001-2006 (Popov 2007), and although income inequality persisted the bottom half of the distribution managed to increase its share of national income from 10% in 1996, to 17% in 2014. Regarding wages, inequality increased among men, and younger workers (Lukyanova 2006), but fell for low earners and those in elementary occupations.[[3]](#footnote-3) However, overall inequality is well above that of European countries, and other members of the OECD (Popova and Rudberg 2017). More importantly, measures of wage inequality in modern Russia far exceeds such measures in the Soviet Union (IMF et al 1991, Clarke 2000, Clarke 2002).

Clarke (2000) suggests that uncertainty and “the closing of the Russian labour market” are to blame for these patterns, which developed after the 1990’s. Increased wage differentials were supposed to stop informal methods of job search. Instead these forms of job-matching and job searching rose, with workers most often relying on friends and families to provide info on job offers and references. Clarke argues managers and supervisors were particularly responsive to these methods using them as signals for social and personal qualities.

1. https://www.europarl.europa.eu/RegData/etudes/ATAG/2018/620225/EPRS\_ATA(2018)620225\_EN.pdf [↑](#footnote-ref-1)
2. Popov, V. (2007). Russia Redux?. *New Left Review*, *44*, 37. [↑](#footnote-ref-2)
3. Popova, D., & Rudberg, A. (2017). Inequality in Income and Wealth in Russia. *Global Encyclopedia of Public Administration, Public Policy, and Governance*, 1-12. [↑](#footnote-ref-3)