

Job-to-job Transitions as a Mechanism behind Gender Earnings Gap

Preliminary and Incomplete

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Motivation

- Job-to-job moves are important for earnings growth (Dustmann & Meghir, 2005)
- and for the remaining gender earnings gap, (Barth et al, 2019)
- which is mostly attributed to child penalty (Kleven et al., 2018)
- But gender differences in job-to-job transition rate have not been explored

Contribution

This paper:

- documents a gender differential in job-to-job transition probability
 - over time: persistent gap of around 15pp
 - over life cycle: no gap that widens to 20pp
- explores mechanisms behind the mobility gap
 - no evidence of self-sorting into industries
 - minor role of commuting preferences
 - large role of the childbirth
- proposes this to be a novel explanation for the child penalty

Literature Review

- Between mobility and wage growth

Dustmann and Meghir (2005), Beggir et al. (2014), Barth et al. (2019)

- Remaining gender earnings gap and child penalty

Bertrand et al. (2010), Keloharju et al. (2018), Costa Dias et al. (2020), Goldin (2014), Goldin et al. (2017), Kleven et al. (2019), Lundborg et al. (2017)

Data

- SIAB: 2% random draw of the social security records (employment, benefits recipients or job search)
- Years: 1975-2017
- Earnings, age, education, occupation, commuting status, hours (full- or part-time), region of residence and industry
- No self-employed and civil servants
- Childbirth is observed for women in the labor force

Our sample: 1.056.256 individuals

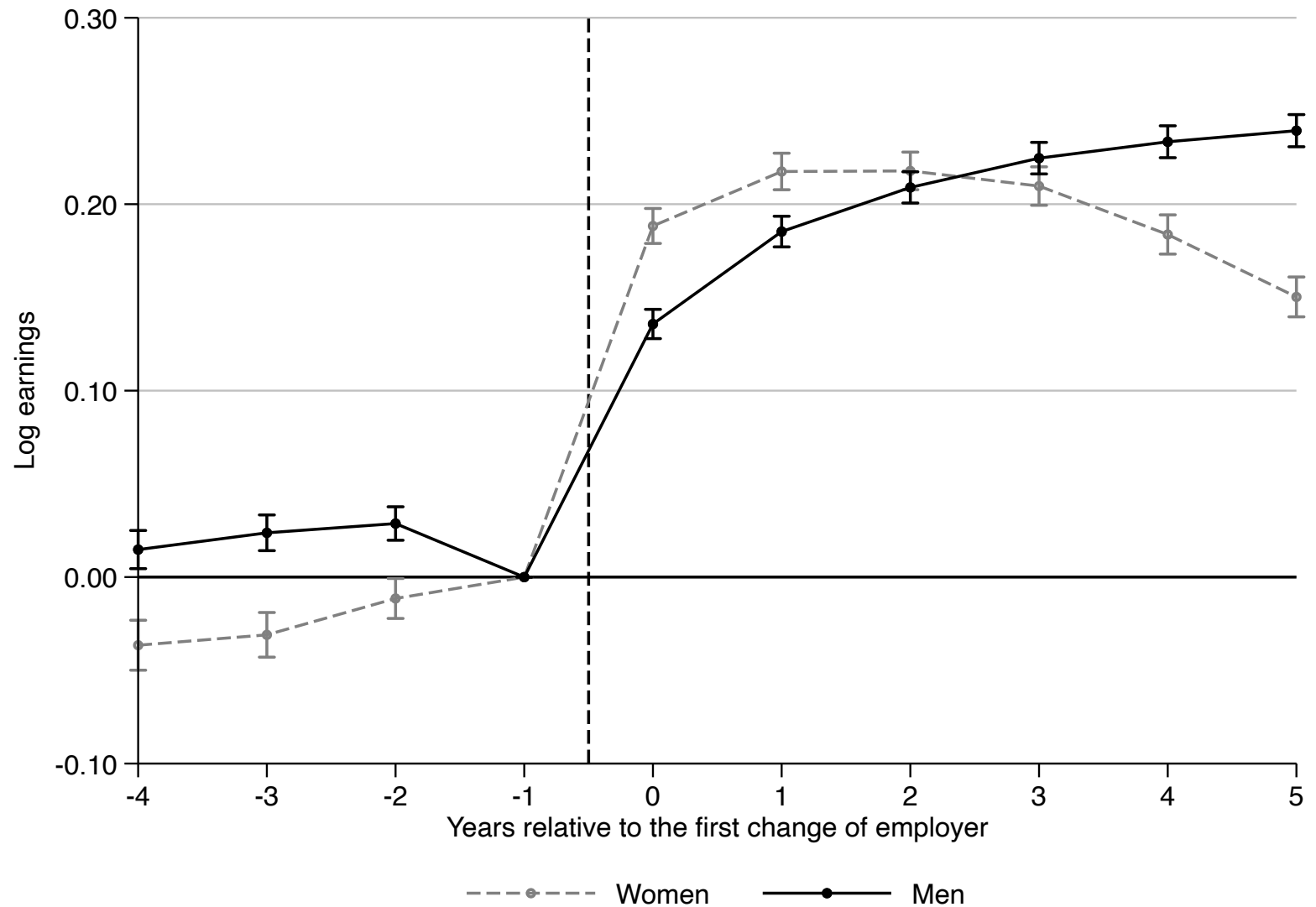
Number of job-to-job transitions is a strong earnings predictor

Number of full-time job-to-job transitions		Log Wage	
		Coef	SE
Men	1	0.04	0.00
	2	0.06	0.00
	3	0.07	0.00
	4	0.07	0.00
	5	0.07	0.00
	6	0.07	0.01
	7	0.06	0.01
	8	0.05	0.01
Women	1	0.06	0.00
	2	0.08	0.01
	3	0.10	0.01
	4	0.13	0.01
	5	0.16	0.01
	6	0.17	0.02
	7	0.22	0.02
	8	0.21	0.03

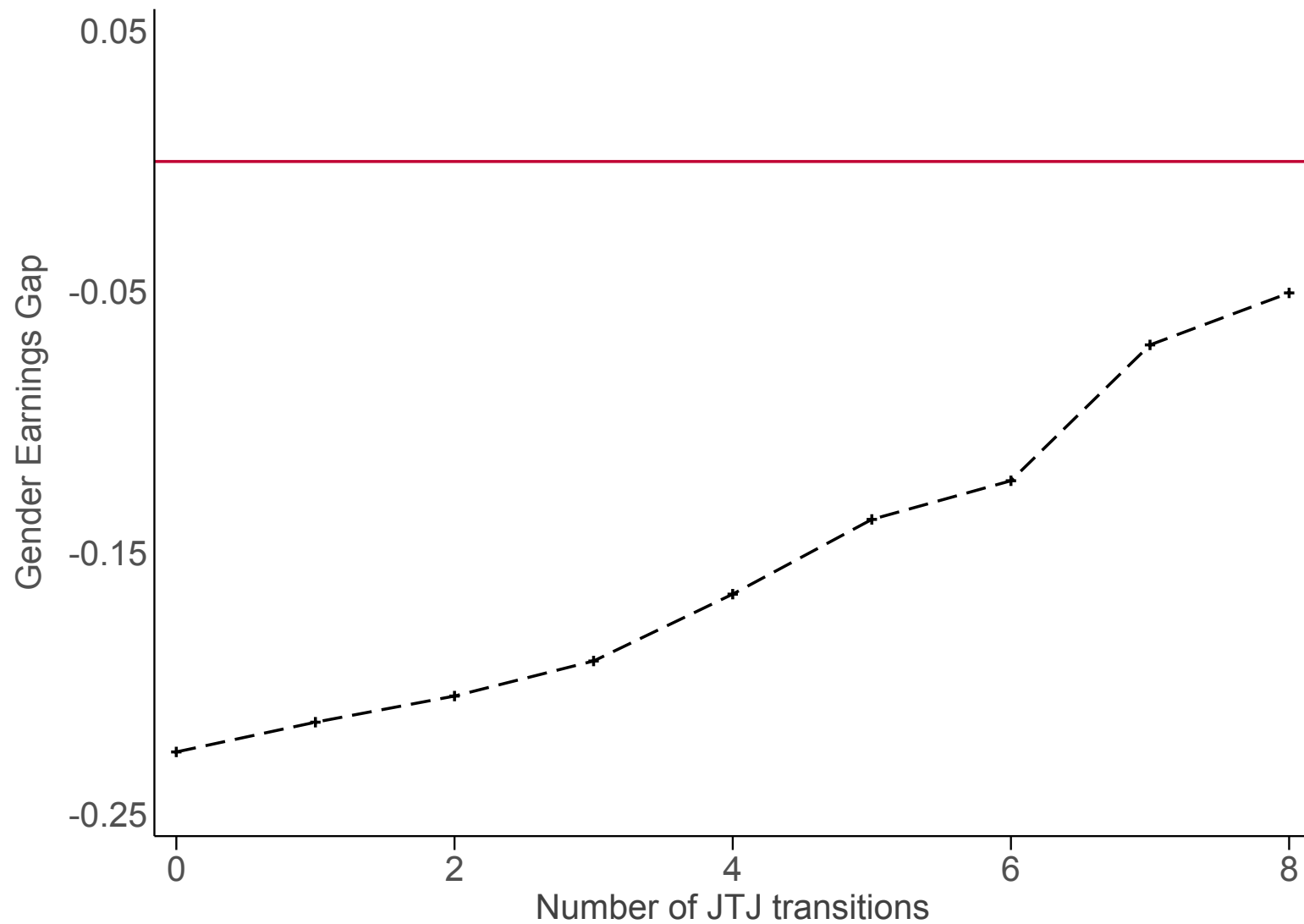
As in Dustmann and Meghir (2005)

Controls: year, education, industry, PT/FT, region, experience (all, and in firm)

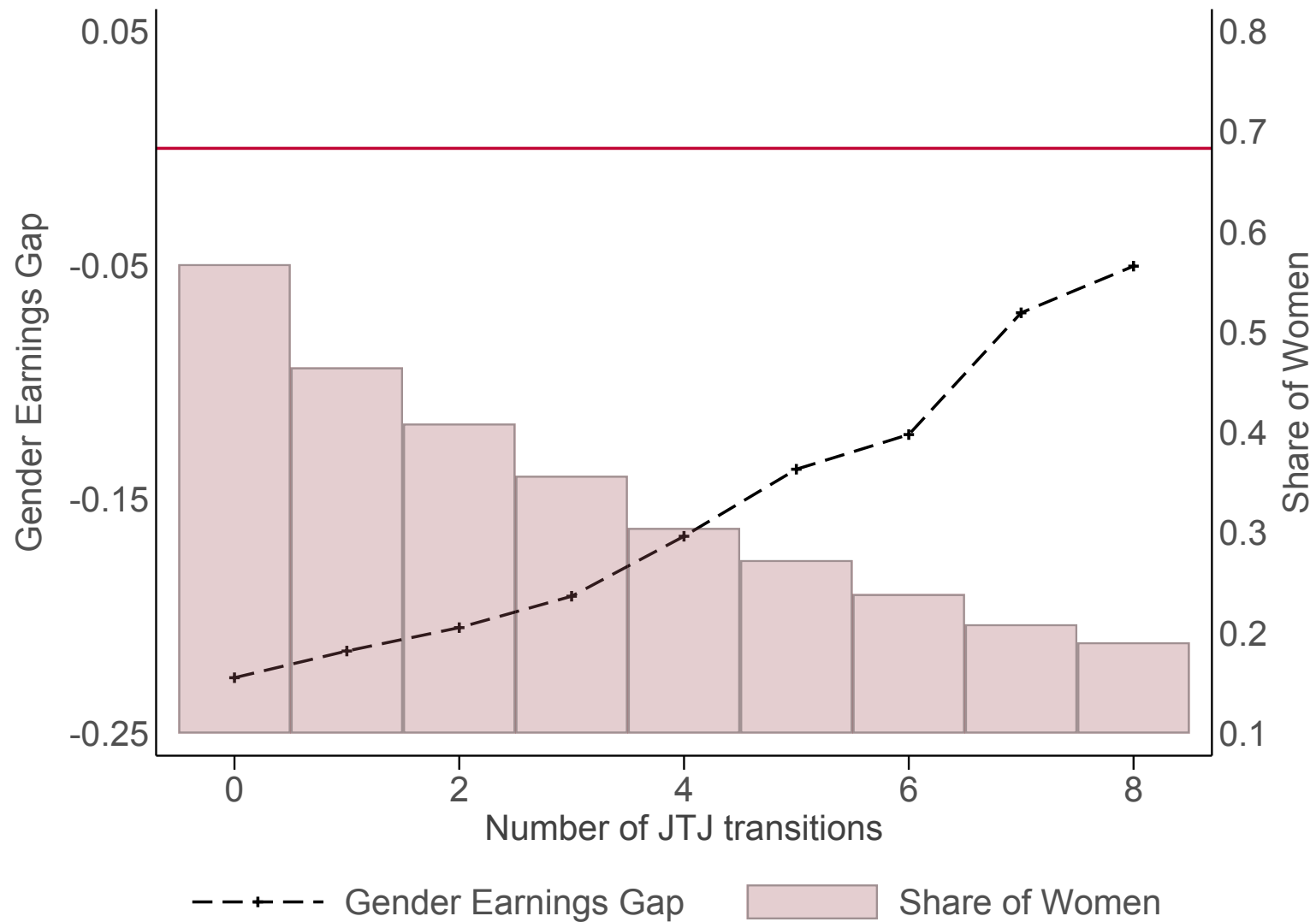
Event Study Around First Job Change



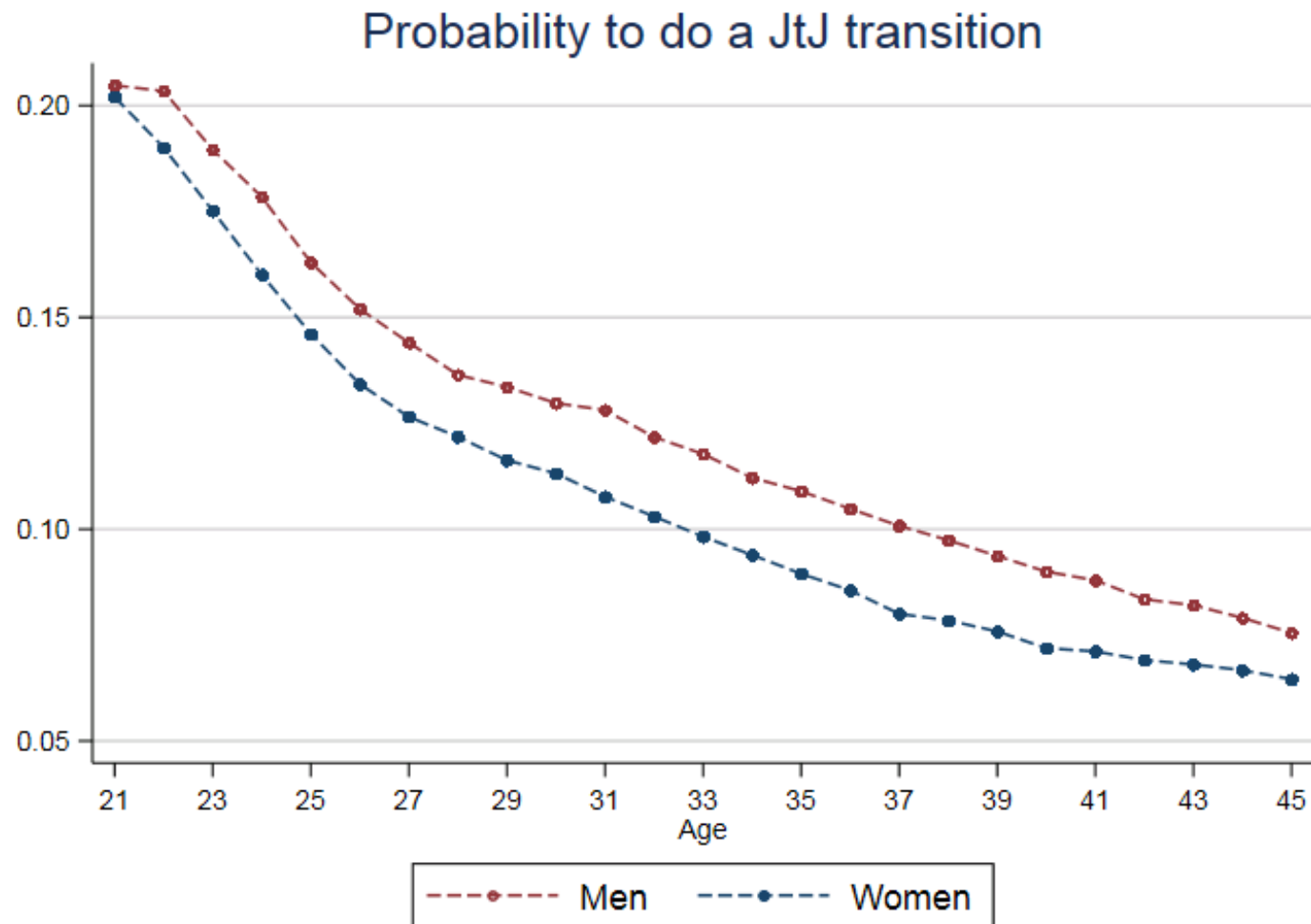
Gender earnings gap shrinks with more JTJ transitions



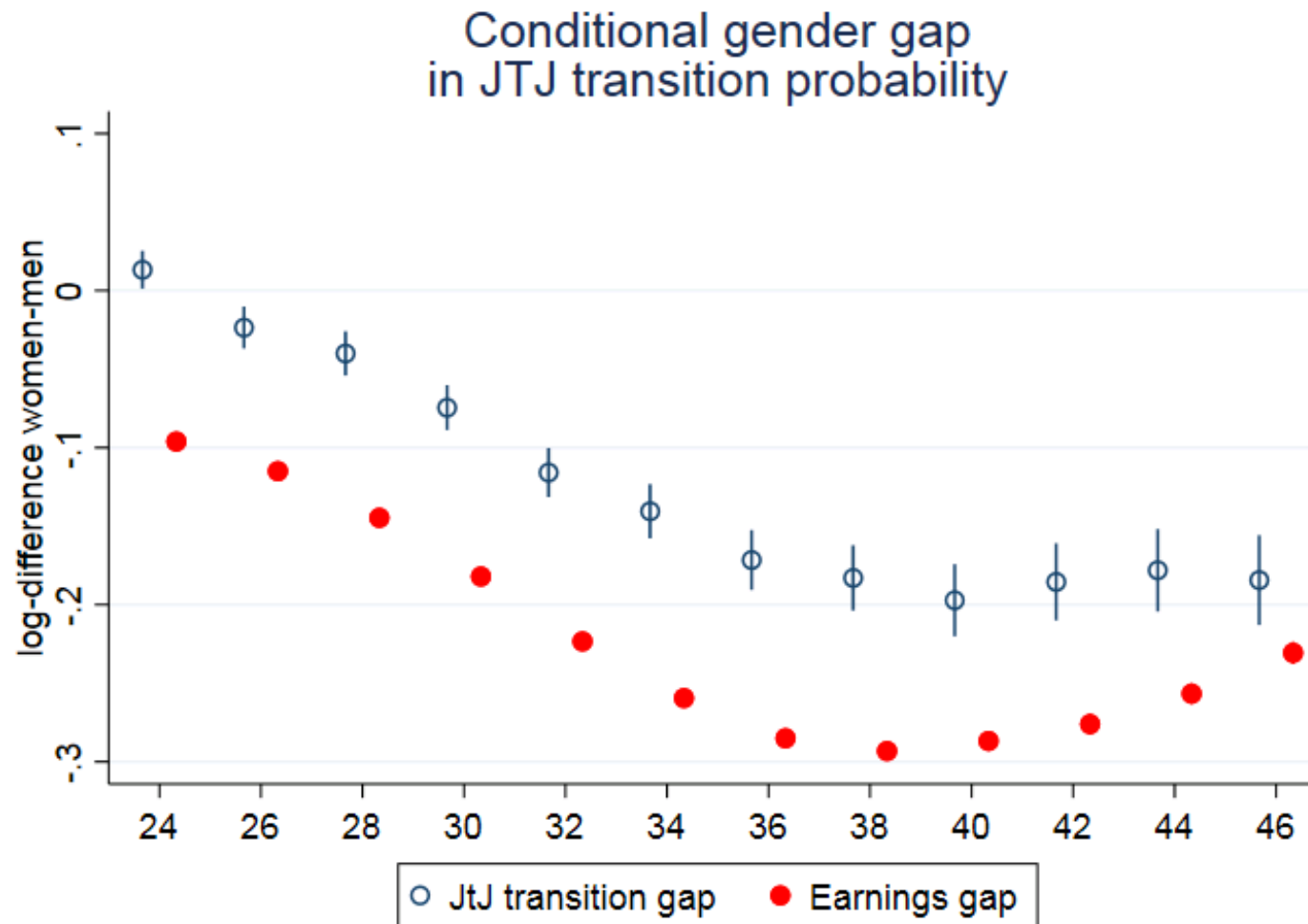
But share of women declines with more JTJ transitions



Women are less likely to do JTJ transitions: over life cycle



Women are less likely to do JTJ transitions: over life cycle

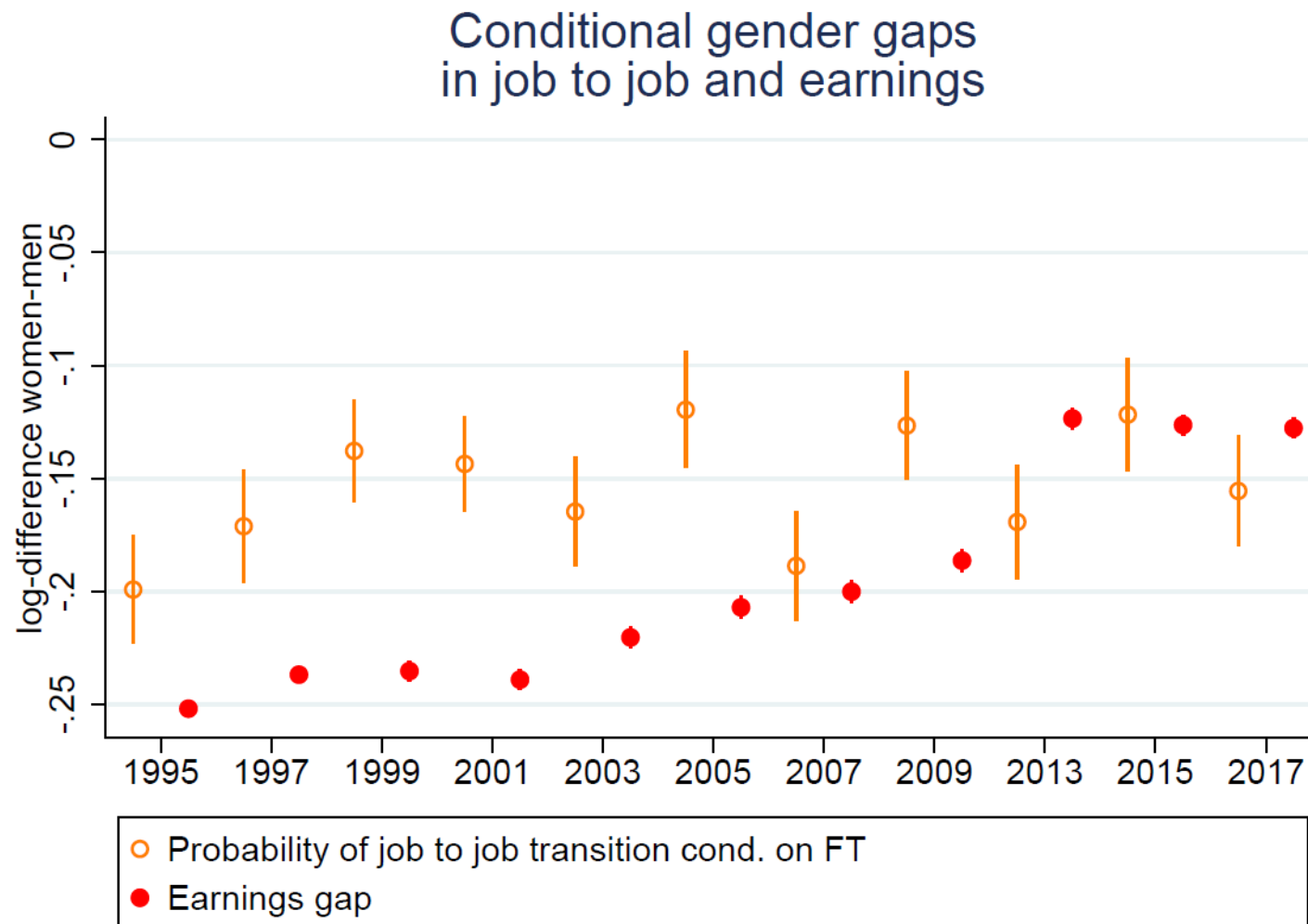


Controls: year, education, industry, PT/FT, region, experience (all, and in firm)
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Women are less likely to do JTJ transitions: over time

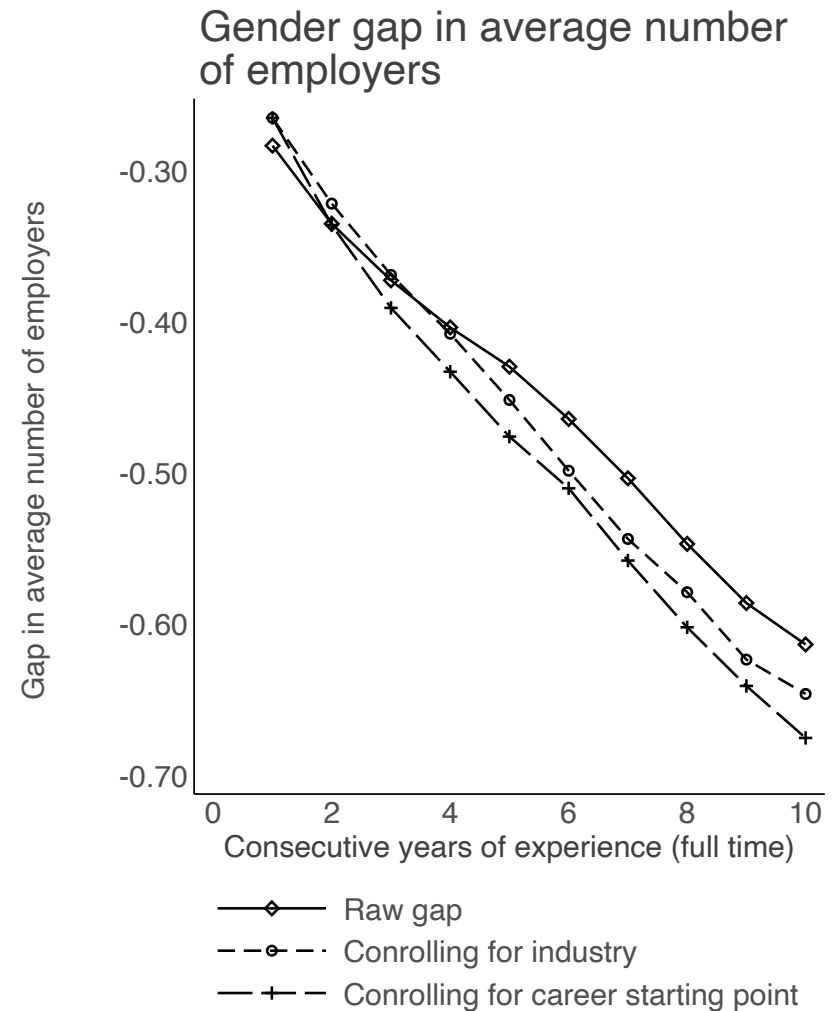
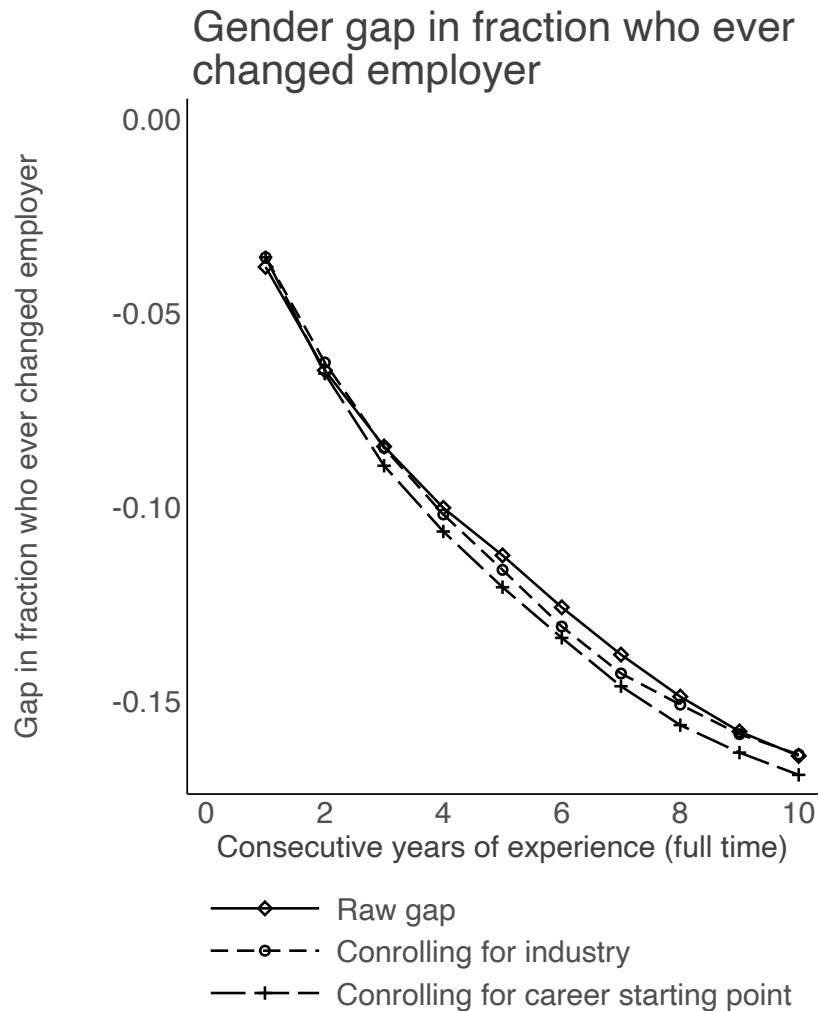


Controls: year, education, industry, PT/FT, region, experience (all, and in firm)
Bellue & Melentyeva

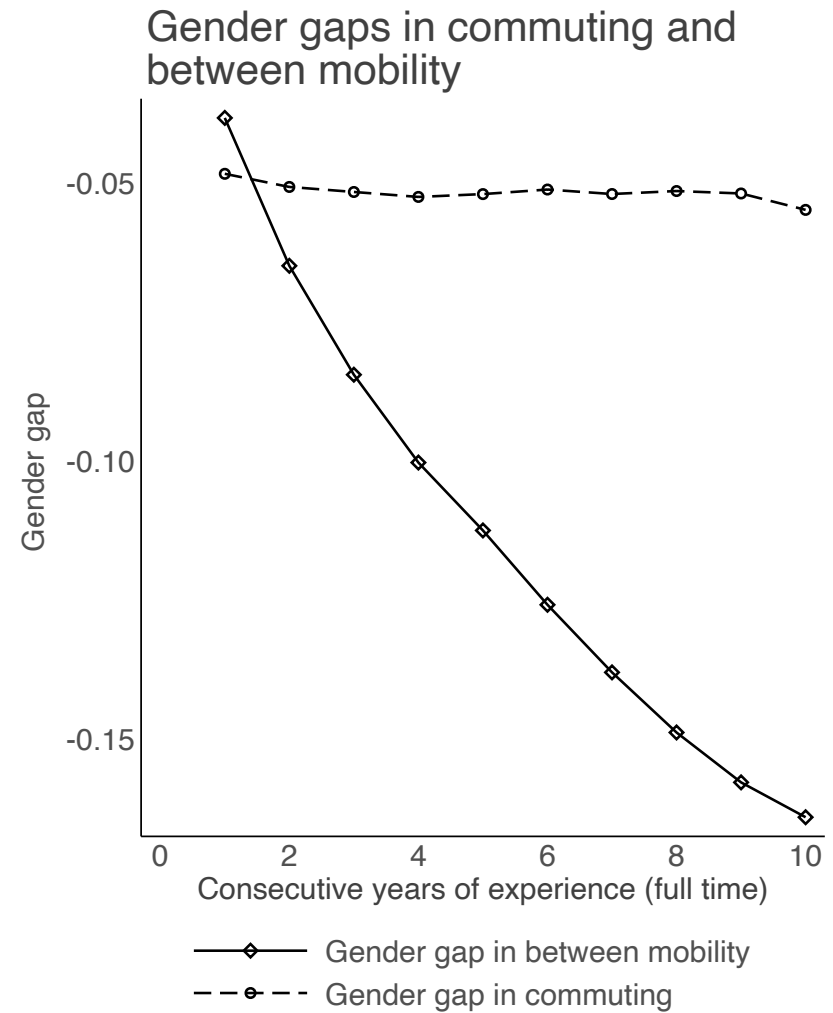
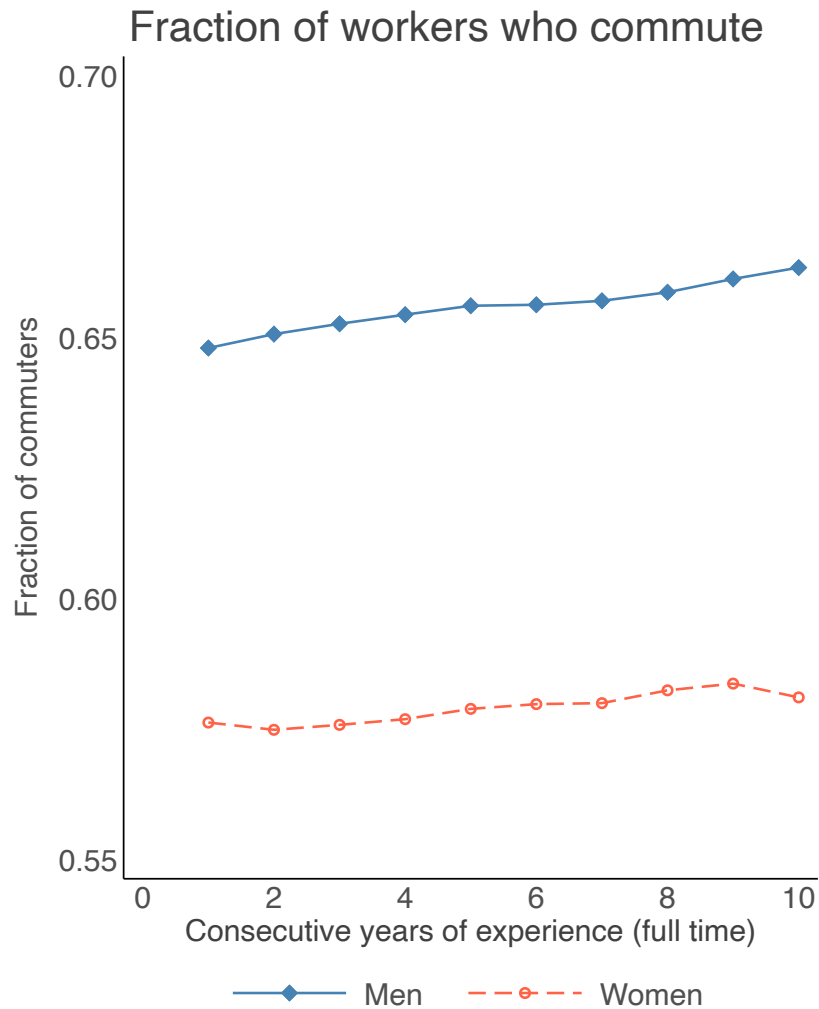
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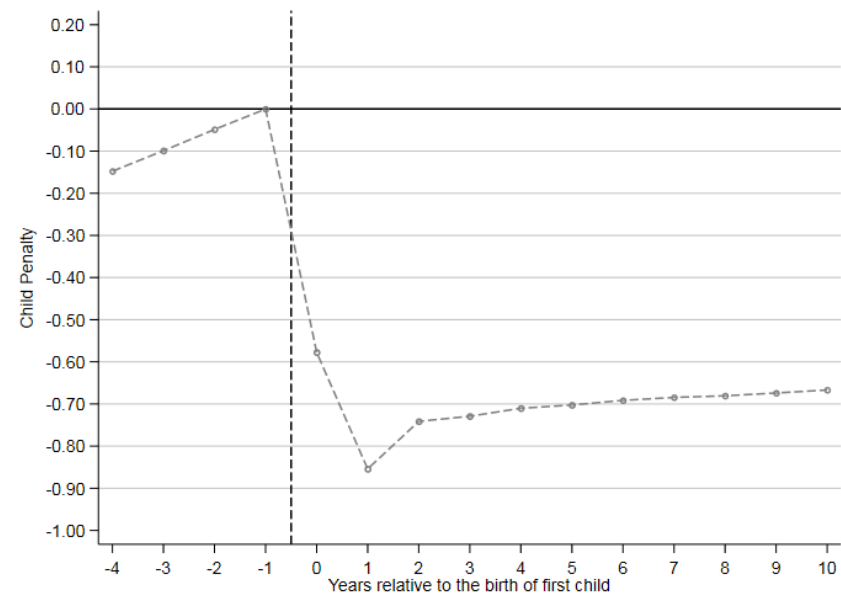
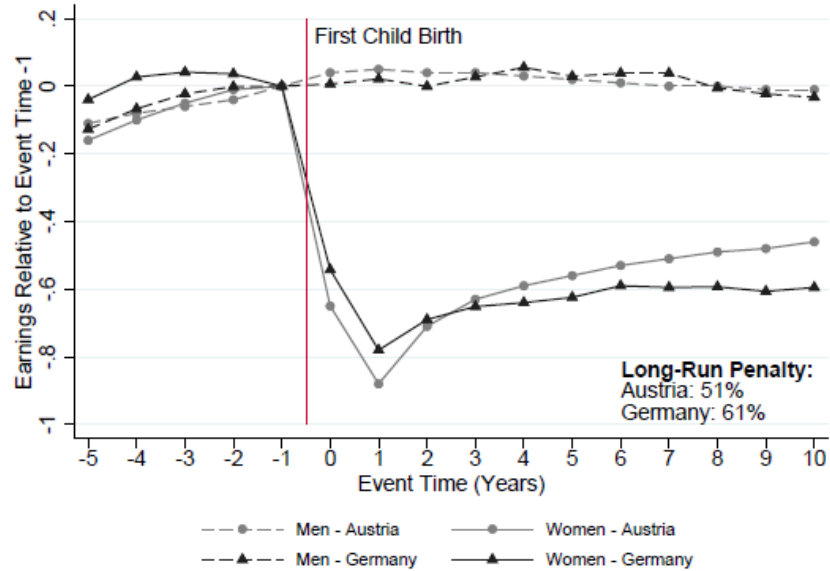
Is it sorting into industries?



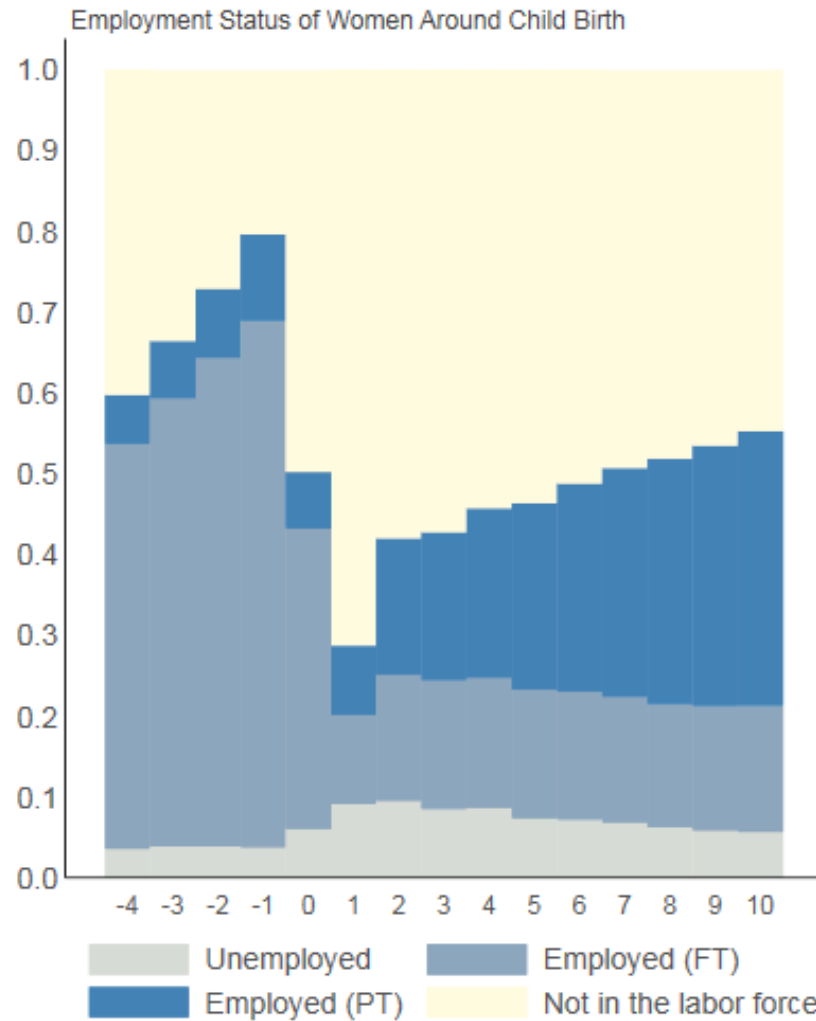
Is it commuting preferences?



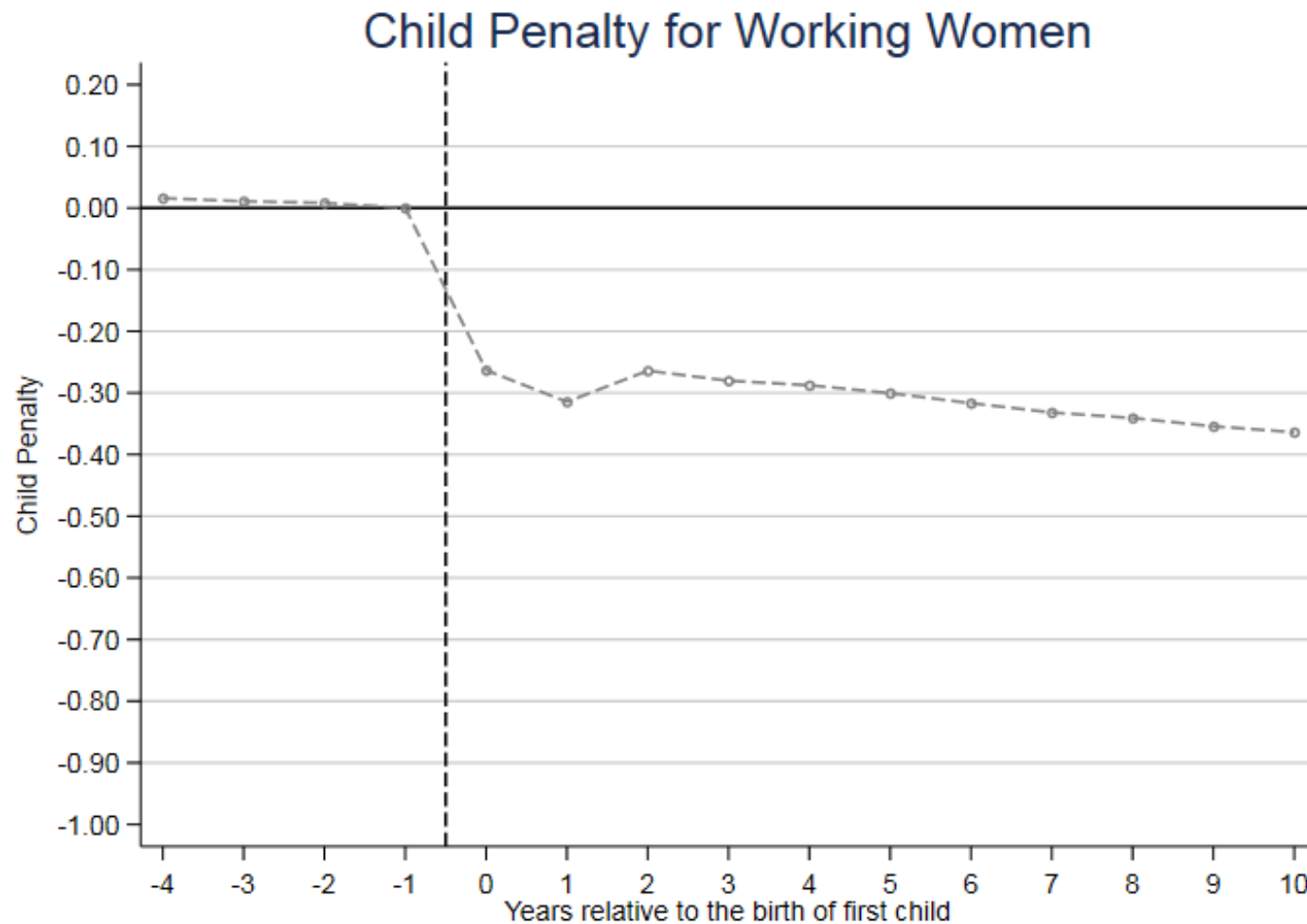
Kleven et al. (2019): replication for all women



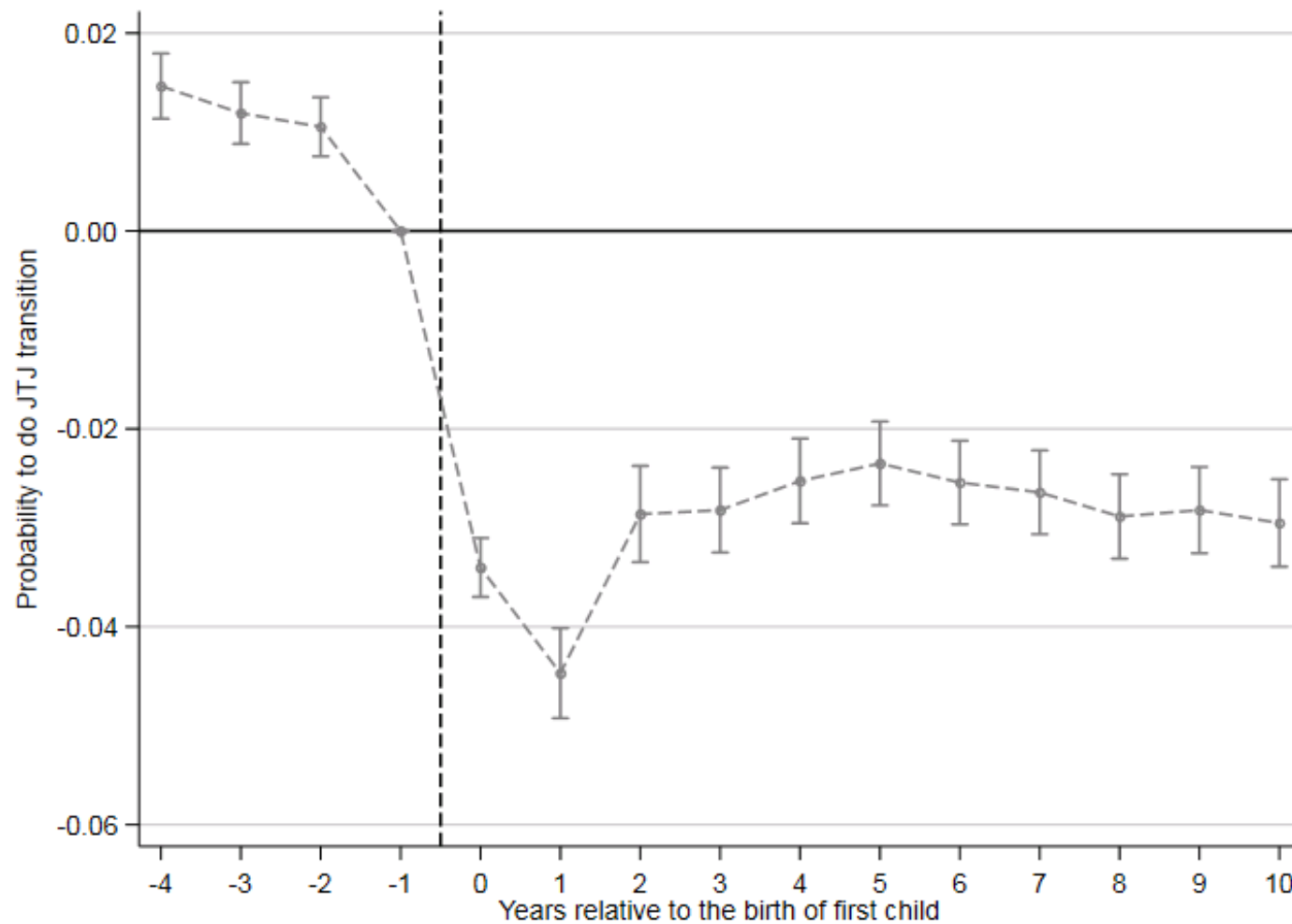
Labor market status for women, around childbirth



Kleven et al. (2019): replication for working women only



Women are less between-mobile when become mothers



Discussion

What we observe for women after childbirth:

- Decreased between mobility
- Sorting into "mother-friendly" firms, occupations and industries (Kleven et al. 2019, Goldin 2014)
- Decreasing career growth: occupational rank and promotion to leading positions (Kleven et al. 2019)
- Decreasing earnings and their growth

Discussion: two stories as explanations

Constraint (Child Penalty)

vs

Choice (Child Effects)

- Worker side: Higher transaction costs of job search and change
 - less outside offers
 - less negotiation power
 - smaller pool of vacancies
- Firm side: Discrimination of women with children in hiring process
 - policy implications

- Worker side: changed preferences of family amenities > pecuniary amenities

Need a search model to distinguish them → future work

Conclusions

- Number of job-to-job transitions is a strong earnings predictor
- But women are less between-mobile than men
(both over time and life cycle)
- The differential is explained not by industry sorting or commuting but rather by childbirth
- Decrease in between mobility as a novel mechanism for child penalty
(consequently, for the remaining gender earnings gap)
- For counterfactual and policy advise → a search model