

Moving Upwards on the Labour Market: gender and geography

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EXTENDED ABSTRACT

Upward mobility on the labour market is desirable from several perspectives – economic development, higher income, better living standards and life quality, better work schedule, or simply more prestige and improved well-being. Societies with higher income mobility have been often associated with more openness and higher equality of opportunity (Aldridge, 2001; Jäntti & Jenkins, 2015). Since labour markets are essentially *regional*, a well-function labour market needs to supply people with upward job mobility opportunities in their home regions, or facilitate their geographical mobility.

The past few decades have been characterized by the coexistence of two trends in many developed economies: labour market polarization (Autor et al., 2006; Goos et al., 2009, 2014) and regional economic divergence (Rosés & Wolf 2018). A combination of technological and institutional change with globalization has made job growth concentrated in the tails of the job skill distribution (Goos et al., 2009). This has led to a sharp decline of “middle-skill” jobs (blue-collar and clerical jobs with a high degree of routine tasks). Since jobs of particular kinds are also not uniformly distributed in space, and some jobs have been affected more than others, labor market polarization has a strong regional component (Autor & Dorn, 2013; Henning & Eriksson, 2020). At the same time, regional differences have become more persistent. Regardless of if we look at wages, productivity, or innovative output, there is a clear pattern of regional divergence, where the regions that were the most productive early on are even more productive now (Storper, 2018; Rosés and Wolf 2018).

These changes in the labor market have consequences. On the one hand, labour market polarization deepens income differentials. On the other hand, growing low-wage jobs might provide people with low barriers to enter the labour market, which is not necessarily bad if the alternative is unemployment or if they are able to make careers at a later stage. Regarding the geographical divergence, on the one hand, it limits the scope for people outside the core regions to make careers without being geographically mobile. On the other hand, if people are willing to migrate to make careers, amplified opportunities are provided in the big cities. Which perspective is right is essentially an empirical question, on which the polarization literature so far has had relatively little to say. While contributions have focused on the polarization distribution itself, as well as on its geographies, much remains to be learnt from studying labour mobility within the distribution.

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In this paper, we measure and analyze if and how people move upwards in their careers, especially after having been occupied in low-wage jobs. We contribute to the literature with two important qualifications. First, we add a geographical component, because the chances to move upwards are not equal in all regions (Kekezi, 2020), and increasingly so in an age of regional divergence. Second, we distinguish between the upward mobility patterns achieved by men and women respectively. This is important, because previous research leads us to suspect that upward mobility is generally more difficult for women (Aretz 2013), but also that women are less geographically mobile (Eriksson et al. 2018). Yet, to our knowledge the gender dimension in this question has not been explored

Data

For our analysis, we rely on register matched employer-employee data from Statistics Sweden. Due to re-classifications in industry and occupation codes, we are currently limiting our analysis to the years 2016-2018. While the traditional labour literature primarily examines upward mobility through income, we study upward *job mobility*, in line with the labour market polarization literature (Goos et al., 2014; Henning & Eriksson, 2020). A job is defined as an occupation (3-digit) within an industry (3-digit).

We classify all jobs into five equally sized classes using wage quintiles: from the lowest paid jobs to the highest. We know the job of each individual on the Swedish labour market in 2016 and 2018. We also know some additional basic characteristics of the individuals, such as age, gender, education, and location.

In our analysis we focus on people in the two lowest job segments (the “worst jobs”) and assess to which extent, and where, they stay in these job segments, or move to better jobs. We also look at where people are likely to leave the labour market. This is particularly important, because when Gabe et al. (2019) examined upward occupation mobility of the US workforce they found that only a small share of workers who have a low-end occupation move up the ladder. Instead, there is a higher probability that they leave the labor force altogether.

Descriptive statistics

Figure 1 shows the distribution of the Swedish workforce into the five job categories (1 through 5) for men and women respectively. Per construction, each quantile represents about 20% of the workforce. They are mirror images of each other – while women are over-represented in the lower paid jobs, men are over-represented in the best ones.

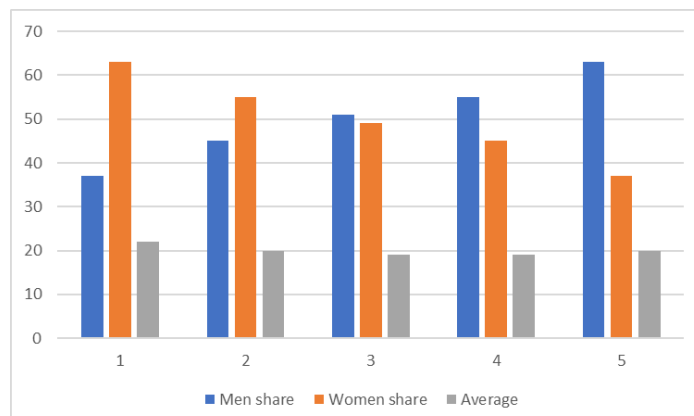


Figure 1 Men and women in the job classes, 2016 (%). Source: own calculations

Figure 2 documents how the job classes are distributed into the Swedish regional system (we use the municipal categories as defined by the Swedish Association of Local Authorities and Regions). While the metropolitan regions are clearly over-represented in the best jobs, smaller town and rural areas have (proportionally) far more jobs in the lower segment of the labour market. The concentrations of jobs in certain regions have also been earlier documented in Moretti (2012).

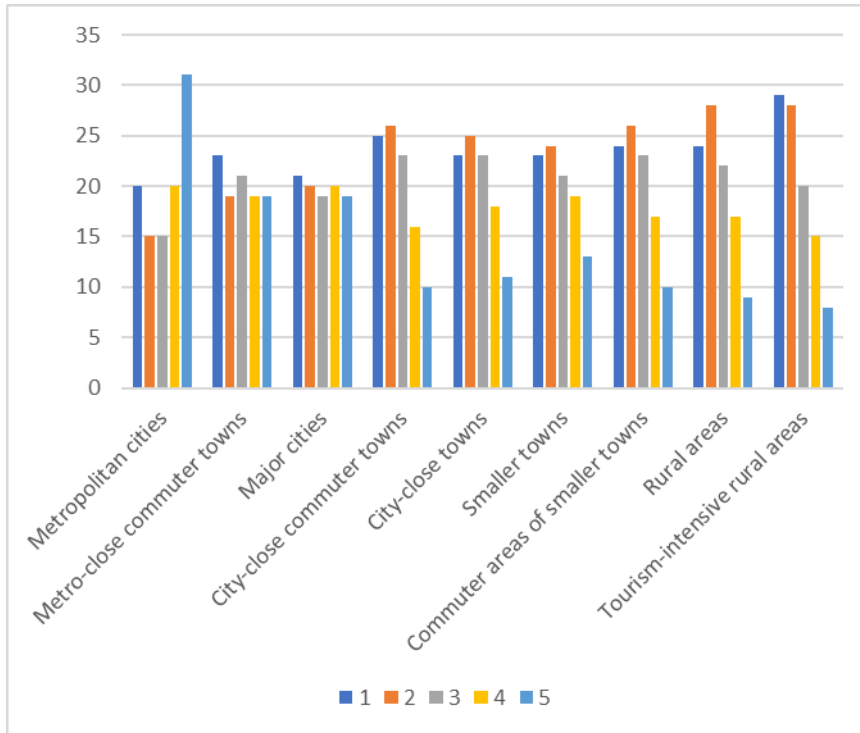


Figure 2: Job classes in space, 2016 (%). Source: Own calculations

Table 1 documents the overall job stability and job mobility between the different classes, between 2016 and 2018 (row percentages). Labour market exit is far more common from the worst jobs, than the best ones. While above 70% of workers stay in their job class during a 3-year period, there is also high job mobility between the classes. Upward mobility dominates over downward mobility. However, there are substantial differences between men and women.

Table 1: Percentage movers between job classes. Row sums. Source: Own calculations.

	Exit	1	2	3	4	5
1	13	70	8	5	3	2
2	11	7	71	6	4	2
3	9	4	4	73	6	4
4	8	1	2	5	75	9
5	8	1	1	2	7	82

Table 2 shows the ratio between the mobility rates (above 1, women dominate unproportionally). While men clearly dominate among longer upward mobility (say, from class 1 to 5), women seem to dominate among the stayers, and among the shorter upward mobility (and, maybe most significantly, among those who have to settle with downward

mobility). In general, men are more likely to “make a career” from the bad jobs, than are women.

Table 2: Domination of women/men among percentage movers between job classes. 1=balance between men and women. Source: own calculations.

	0	1	2	3	4	5
1	0,9	1,1	1,0	0,8	0,5	0,5
2	0,8	1,3	1,1	0,7	1,0	1,0
3	0,8	1,3	0,6	1,1	0,9	1,0
4	0,9	2,0	1,0	1,0	1,0	0,9
5	1,0	1,0	1,0	1,0	1,2	1,0

There is also a geography to “making a career” from the lower segments of the labour market. Taking making a career as moving one or more steps up in job classes from class 1 or 2, figure 3 documents how this is represented in space (1 equals balance between those how make careers in a type of region, with its share of the class 1 and 2 jobs). Career-makers are more likely to be find in the metropolitan regions than the size of their labour markets suggest, whereas the probability of finding them in a smaller region is lower.

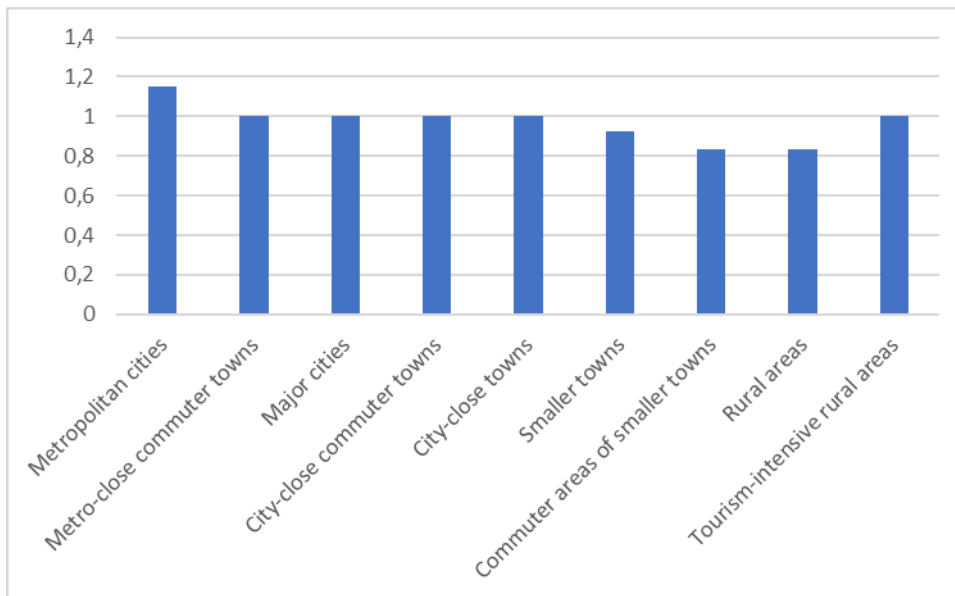


Figure 3: Relative representation of career-makers in regions. Source: Own calculations.

One other way to do a career from a lower paid job is or course to change location of work. Women are slightly more likely to stay in the same municipality when making a career, as opposed to the men (table 5).

Table 5. Location of new work as men and women make careers from lower-paid jobs. Source: Own calculations.

	Women	Men
Same municipality	60	56
Other municipality	40	44

There could of course exist many intervening confounders among these patterns, among which education is likely to be among the more prominent. We conclude by summing our arguments in three logit models (table 6). Controlling for education, men (=1) have a significantly higher probability to make a career from the worst jobs, and there is a positive association between career and a change of municipality. Also, there seems to be a joint effect – men that change their workplace municipality are even higher associated with making a career from a bad job.

Table 6. Logit outcomes on career from classes 1 or 2, variables 2016-2018. Source: Own calculations

	(1)	(2)	(3)
Gender	0.27*** (0.00)	0.31*** (0.00)	0.29*** (0.00)
Change of munic.		1.57*** (0.00)	1.55*** (0.01)
Gen*Ch_municip			0.06*** (0.01)
Education	0.00*** (0.00)	0.02*** (0.00)	0.00*** (0.00)
N	1813533	1726926	1726926

Conclusions

Can a polarized labour market be justified on the grounds that people who enter the bad jobs in the lower segments subsequently make careers? Or do people get stuck in the lower segments? Our findings indicate that people do not get more stuck in lower labour segments, than in other segments. There is quite some mobility also between classes of jobs on the labour market. However, people that work in bad jobs, do have a higher likelihood of exiting the labour market. There are, however, important differences in who are actually likely to make a career from the bad jobs. In this investigation, we have focused on two: gender and geography. Women are less likely to make longer moves away from the bad jobs, and they are less likely to do so while also changing their municipality of work. Successful careers are also more likely to happen in the metropolitan regions. While people do not get stuck in low-wage jobs more than in other jobs, some, and in some regions, seem to get more stuck than others.

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