

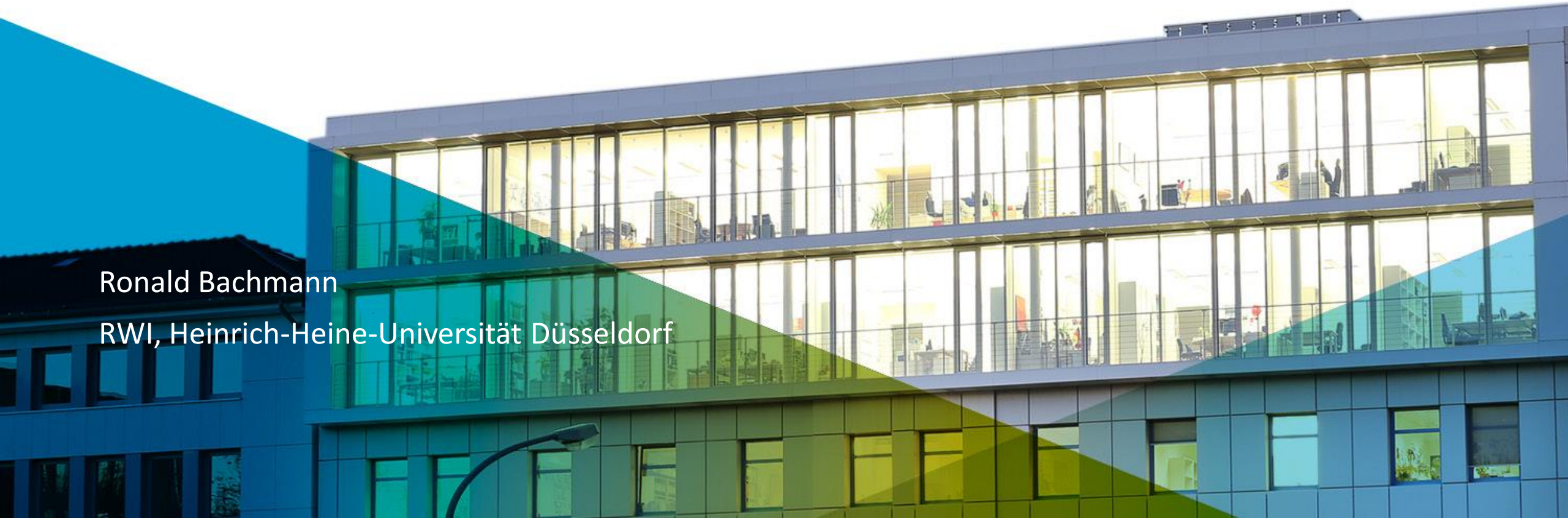
Changing labour market transition patterns



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Why look at labour market transitions?

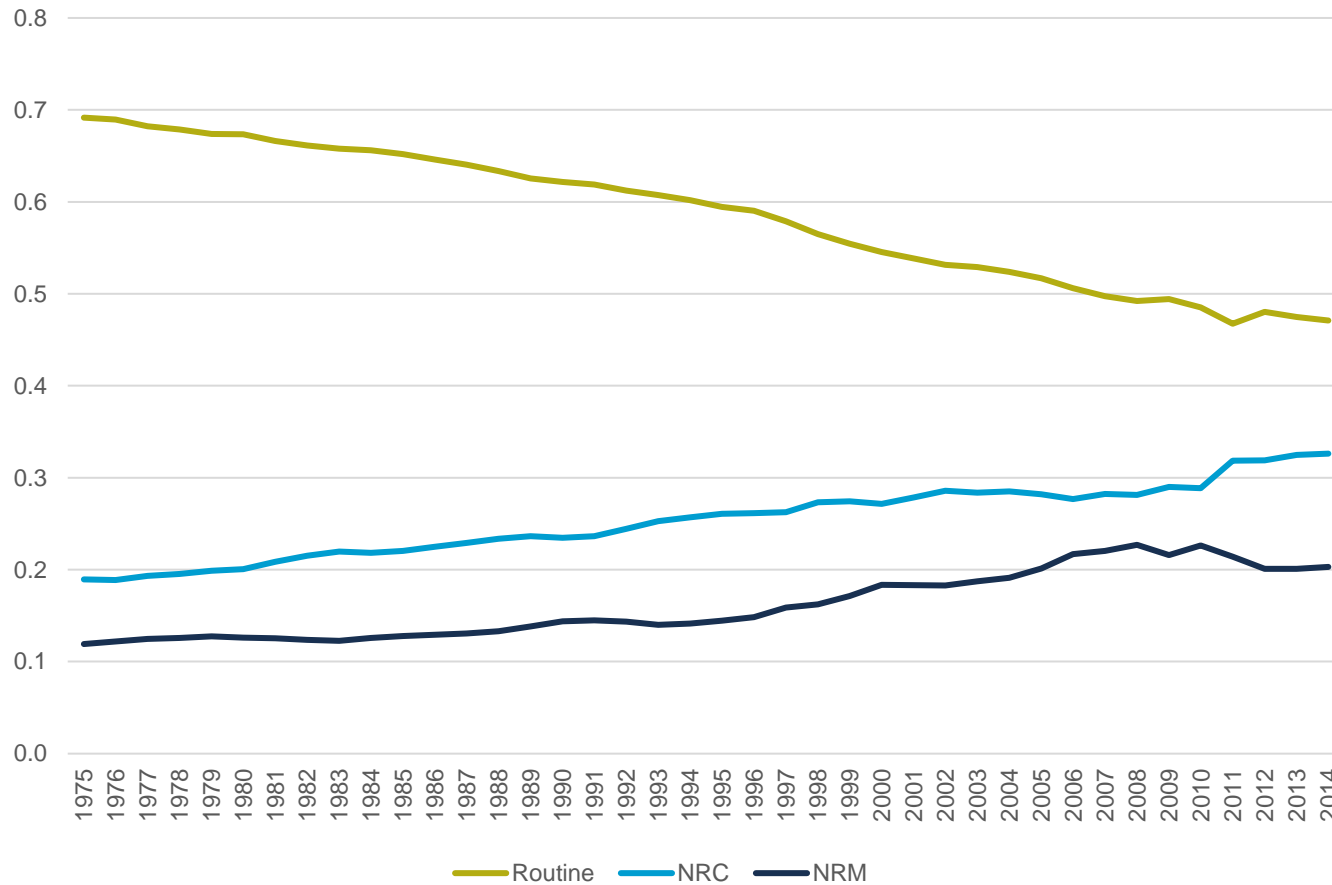
1. Very important for worker welfare
 - E->U: proxy for employment security
 - U->E: proxy for unemployment duration
 - E->E: often linked to structural change and wage change
2. Early indicator
 - Much easier to detect new developments in flows than in stocks
3. Informative about mechanisms
 - Employment can change because of changes in inflows or outflows
 - Distinction important for e.g. economic policy

RTI hypothesis and task types

Task type	Routine/ Manual	Non-routine cognitive	Non-routine manual
Description	Rule based, Procedural	Complex Problem solving , Mental Flexibility	Interpersonal & environmental adaptability
Example occupations	Administration, Assembly line	Managers, Scientists	Cleaners, Flight attendants
Skill type	Middle-skill	High-skill	Low-skill
Potential impact of computerization	Direct substitution	Strong complementarity	Limited substitution or complementarity

(Adapted from Autor, Levy, Murnane 2003, and Cortes 2015)

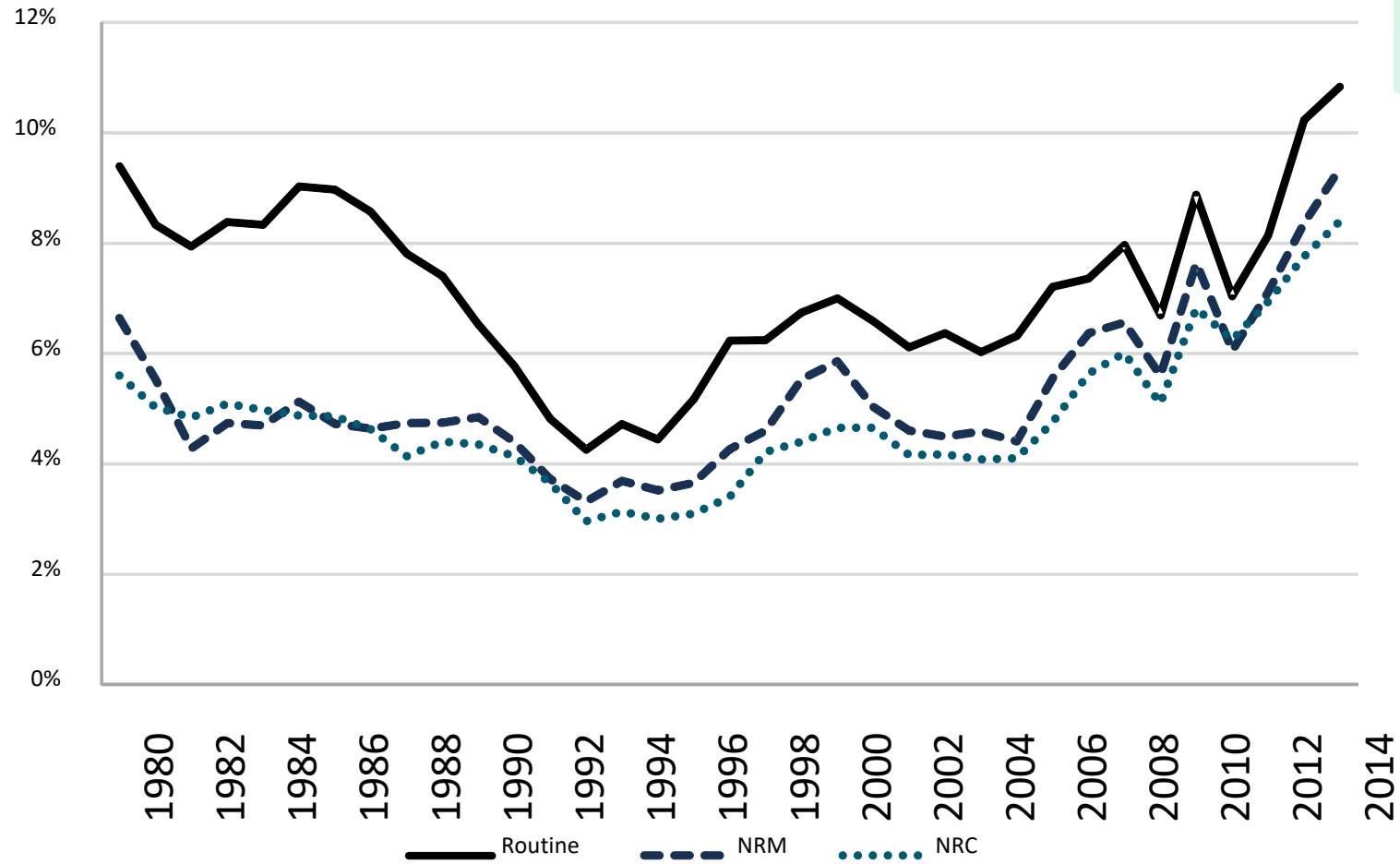
Employment shares by task categories, Germany, 1975-2014



Long-run effects of labour market polarisation (BJIR, 2019)

- Research questions
 - How does the evolution of (un-)employment probabilities over time differ between workers performing different job tasks?
 - Which role do labour-market transitions play in this context?
- Analysis
 - Use worker-level administrative data for Germany, 1985-2013, plus worker-level survey data on job tasks
 - Descriptive evidence, micro-econometric analysis of (un-)employment probabilities and transitions between labour-market states.

Non-employment exit rate, by task group



Long-run effects of labour market polarisation: Key results

- Worse labour-market prospects for routine workers than for NRC workers (employment probabilities)
- Transitions show higher churning (increased employment outflows **and** inflows) for routine workers
- NRM workers have worst prospects – often overlooked in debate on technological change

Occupational mobility in Europe (De Economist, 2020)

Research questions and results

1. How important is occupational mobility in Europe?

6.6 percent of all consecutively employed persons change their job from one year to the next; 46 percent of these job changes go along with a change in occupation.

2. What are the wage effects of occupational mobility?

Occupational mobility associated with lower wage stability, voluntariness of occupational change decisive.

Occupational mobility in Europe (De Economist, 2020)

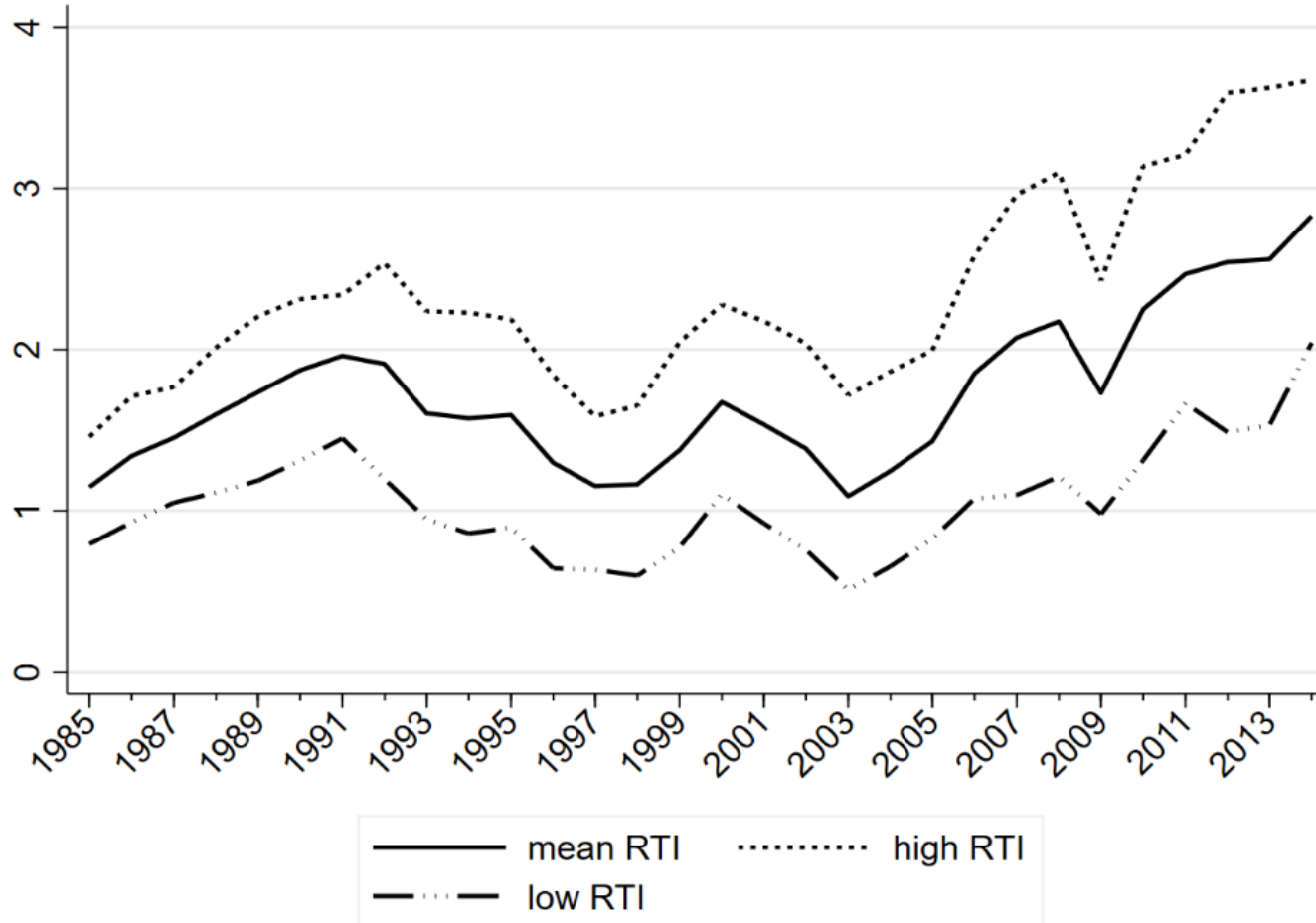
Research questions and results

3. How important are cross-country differences, what are determinants?
 - Differences between countries are substantial
 - Institutional characteristics can explain parts of these differences
 - Occupational mobility negatively correlated with employment protection (pros and cons for welfare)

Labour-market polarisation, job tasks, monopsony (JHR, forthcoming)

- Research questions
 - Do workers doing different job tasks face different degrees of monopsony power?
 - How does monopsony power evolve over time?
- Analysis
 - Use administrative worker-level data for Germany, 1985-2013
 - Analyse labour supply elasticity to the firm as a proxy of monopsony power. Intuition: If elasticity low, workers react little to wage differences. This means wage-setting (monopsony) power of employers.

Labour supply elasticities for workers with different RTI



- If anything, increase in elasticities for all task groups
- Workers with low RTI (mainly NRC) have lowest elasticities, i.e. face highest monopsony power

Monopsony Paper: Key results

- Monopsony power over time
 - No increase in monopsony power despite strong decrease in RTI
 - Potential reason: composition effects (Böhm et al. 2021, Bachmann/Sinning 2016)
- Level differences in monopsony power
 - The higher RTI, the lower monopsony power
 - Likely reasons: specific human capital, non-pecuniary job characteristics

Polarisation, transitions, tasks, wages

1. Long-run patterns of labour-market polarisation (BJIR, 2019)
 - Higher churning for routine workers, but don't forget NRM workers!
2. Occupational mobility in Europe (De Economist, 2020)
 - Occupational mobility relatively frequent, wage changes depend on voluntariness of transition
3. Labour-market polarisation, job tasks, monopsony (JHR, forthcoming)
 - Routine workers (!) react most strongly to wage differences
 - No evidence for increased monopsony power over time

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