

2 Moving to better jobs

Career mobility can either be voluntary or involuntary. Older workers who change jobs voluntarily typically experience improvements in wages and the quality of working environment, however they are less likely to make a voluntary job change compared to younger workers. This chapter considers the implications of career mobility for older workers in terms of earnings, type of job and working environment. Given that careers are becoming less linear and the likelihood of major career change during a workers' life is increasing, government and employer policies need to be more proactive in preparing people for change and facilitating better carer choices, particularly for low-skilled workers.

2.1. How mobile are workers across the lifecycle?

Key messages

Job and occupational mobility decline over the lifecycle, across gender and education groups. Only 6.1% of workers aged 55-64 change jobs in a given year on average across OECD countries compared to 11.3% of workers aged 25-44.

Older workers can benefit from changing jobs if the moves they make are voluntary, as opposed to being laid off. On average over the period 2010-20, workers aged 55-64 who voluntarily changed jobs experienced wage growth of 3.5% (7.4% among those aged 45-54) (across OECD countries with available data).

However, older workers who are forced to change jobs are likely to experience a decline in pay following a job change. On average over the period 2010-20, workers aged 55-64 who were forced to change job experienced an average decline in wages of just over 13% (a decline of 9% for those aged 45-54) (across OECD countries with available data).

Many non-pecuniary aspects of job quality also increase following a voluntary job change. The 2022 AARP Global Employee Survey found that 50% of recent job changers experienced an improvement in mental health and 45% saw an improvement in workplace culture.

Supporting career transitions of older workers with low skills requires attention. Low skilled workers are more likely to be trapped in low skill job. On average, across OECD countries with available data, about 60% of workers aged over 45 working in a low skill occupation who change occupations will switch to another low skill job. Those who switch to another low skill occupation will experience wage growth of less than 1%.

Lack of wage growth within firms contributes to a decline in wage growth among older workers. Promotions are a key contributor to wage growth but for older workers promotions are rare – even well before they retire – explaining a large part of slower wage growth for older workers.

The incidence of more flexible working arrangements, such as part-time work, rises with age bringing with it benefits but also risks. For many, part-time work is desirable and supports a gradual transition towards retirement.

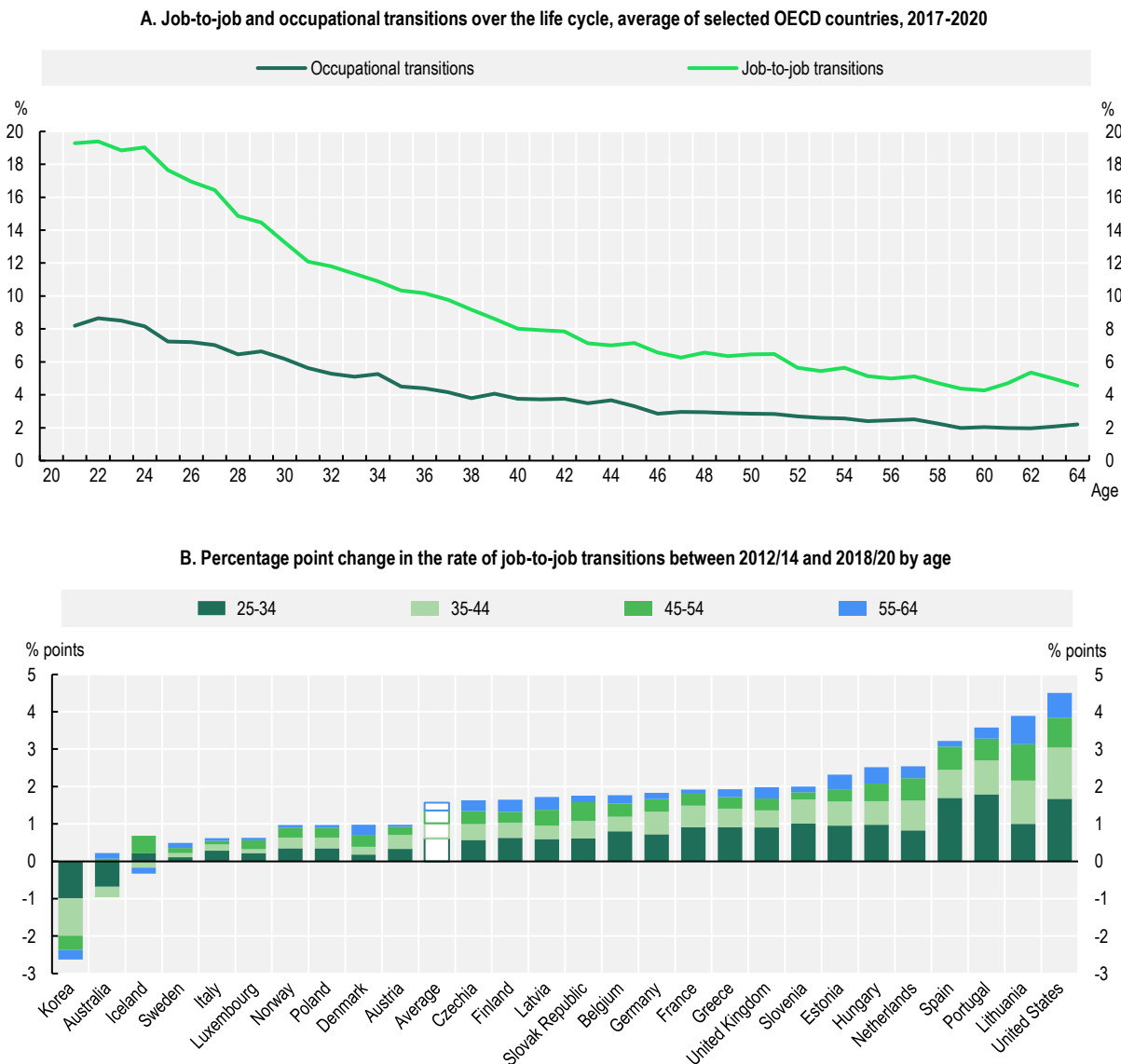
- However, a significant minority of part-time workers would prefer working longer hours (29% of men and 20% of women aged 50-59).
- Workers with low levels of education who are working part-time are more likely to report difficulty finding a full-time job. Among workers aged 45-54, 40% cannot find a full-time job (30% among those aged 55-64).

2.1.1. Career mobility declines over the lifecycle

As highlighted in Chapter 1, older workers represent a growing share of the labour market, by 2050, one in six workers will be over the age of 65. Therefore, improving the career choices of older workers is vital for a well-functioning labour market, yet job-to-job and occupational mobility decline substantially throughout individuals' working lives (Figure 2.1, Panel A). Two noteworthy facts stand out. First, there is a rapid decrease in mobility following the initial stages of careers. Young workers exhibit frequent job changes, with approximately 15-20% of workers under 30 transitioning to new jobs in a given year and around 10% of them changing occupations. Second, mid-career emerges as a turning point for career

mobility. Around the age of 45, only 7% of workers change job and 3% change occupation; a proportion that remains relatively constant as individuals age.

Figure 2.1. Career mobility falls dramatically by mid-career



Note: Data in Panel A show the unweighted moving average of the 27 countries in Panel B with the addition of Ireland and Switzerland. Data in Panel B are adjusted to control for the composition of the labour force by education and age. The bars represent the contribution of each age group to the overall change in mobility. The methodology is the same as that used in the (OECD, 2019^[11]), *OECD Employment Outlook 2019: The Future of Work* and is based on (Farber, 2010^[21]), *Job Loss and the Decline in Job Security in the United States*. The white bar is the unweighted average of the 27 countries shown.

Source: OECD calculations based on the EU Statistics on Income and Living Conditions (EU-SILC) (Panel A), OECD calculations based on the European Union Labour Force Survey (EU-LFS) (Panel B), the Household, Income and Labour Dynamics in Australia (HILDA) Survey, Korean Labor and Income Panel Study (KLIPS) and Job-to-Job Flows database, US Census Bureau.

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This decline in career mobility over the lifecycle can be largely explained by improvements in job match quality between workers and firms. As workers gain work experience, they are more likely to find a job that

aligns with their skills, qualifications and preferences. The quality of a match is not directly observable, but job duration is a common proxy, and as (OECD, 2023^[3]) shows, job retention increases with age. Older workers are more likely to have found a good match with an employer, which may be reflected in higher levels of job satisfaction, pay and benefits and hence a lower incentive to switch jobs, but also in the accumulation of firm-specific skills that make it more challenging to find a new job. At the same time, other personal circumstances such as family and homeownership may also reduce the likelihood of changing job. In contrast, it could also be that older workers find it harder to find a new job than younger workers because of employer perceptions and other barriers to accessing the job market and making career changes. Over time there is evidence that job-to-job mobility has increased, but by relatively little for older workers (Figure 2.1, Panel B). On average across the OECD (for countries with available data), job-to-job mobility has increased by 1.5 percentage points between 2012/14 and 2018/20 reflecting the fact that careers are becoming more dynamic. These increases in dynamism are observed in countries with already high levels of dynamism (like the United States and Lithuania), but also among countries with traditionally low levels of dynamism (like Portugal), indicating some potential convergence between countries. When it comes to how much each age group contributed to the increase in dynamism, mid-career and older workers contribute proportionately less than the share of the labour force they represent.

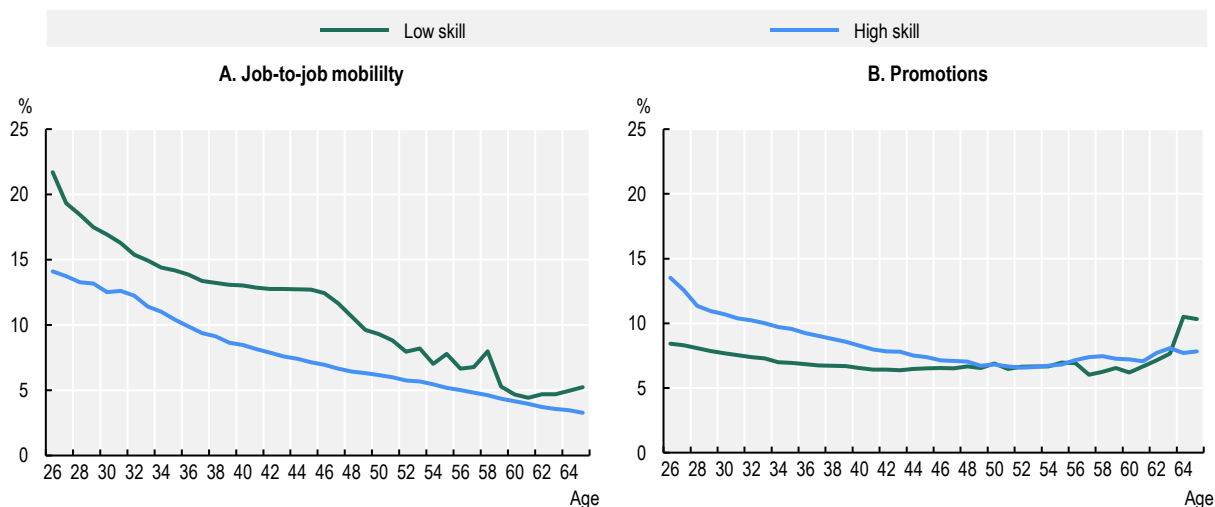
2.1.2. Within firm mobility is particularly important for high skilled workers, but this also declines as workers age

Job mobility within the firm, measured here by promotions, is as high as job-to-job mobility for high skilled workers throughout workers' careers. Figure 2.2 uses linked employer-employee administrative data for Austria, Estonia, Germany, Hungary and Portugal to show a lifecycle perspective on the share of workers experiencing job-to-job mobility and within firm mobility (promotions). Similar to job-to-job mobility, within firm mobility also declines as workers age for the same reasons discussed above, i.e. an improvement in match quality over time. However, it could also reflect that workers may have fewer career progression opportunities within a firm as they age.

For low-skilled workers job-to-job mobility is substantially higher than within firm mobility, especially at early stages of the career. This is likely because low skilled workers often have temporary contracts and are forced to change jobs more frequently (the data in Panel A of Figure 2.2 capture both job-to-job hopping and workers experiencing a short unemployment spell between jobs of less than 12 months). This highlights the need to distinguish between mobility that facilitates better and more sustainable employment and job hopping between similar types of low-skilled jobs.

Figure 2.2. Job mobility within the firm is a key element of overall mobility for high skilled workers

Job-to-job and within firm mobility over the life cycle, by skill group, average for Austria, Estonia, Germany, Hungary, Portugal, 2002-19



Note: Promotions are defined by a worker experiencing a wage increase of 10% or more within their firm. Workers are divided by their skill level depending on their position in the skills distribution, or “unobserved inability”, estimated through worker fixed effects. Low skill therefore represents the bottom third of the distribution, while high skill represents the top third of the distribution. Job-to-job mobility captures both job-to-job hopping, and workers experiencing a short unemployment spell between jobs (of less than 12 months).

Source: Linked employer-employee data for Austria, Estonia, Germany, Hungary, Portugal.

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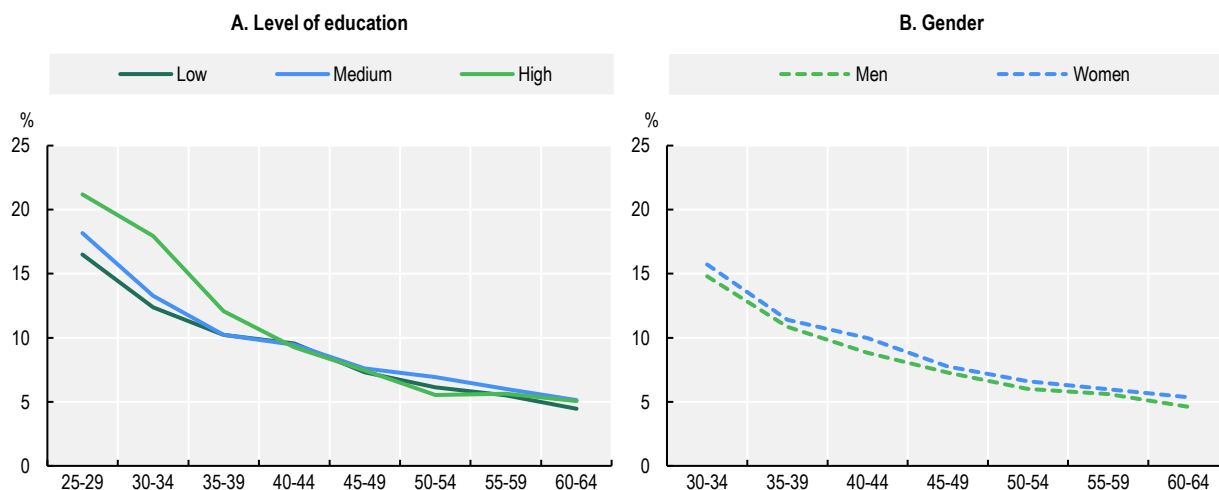
2.1.3. Job mobility also declines with age regardless of gender or education level

Job-to-job mobility follows a similar declining trajectory over age for both men and women (Figure 2.3). Women experience slightly higher mobility than men throughout their working lives, particularly when they are younger, but both genders exhibit comparable declines in mobility as they grow older. Occupational mobility, not presented here, tells a similar story.

Mobility is highest during the early stages of a career for individuals with higher educational attainment (Figure 2.3). This reflects the well-established role of mobility in promoting career progression and wage gains among (high-skilled) younger workers (Topel and Ward, 1992^[4]; Hahn et al., 2017^[5]). However, by the age of 40-45, mobility levels of those with high educational attainment converge with that of individuals with lower and medium educational attainment.

Figure 2.3. Mobility falls along the lifecycle similarly across educational attainment and gender

Job-to-job mobility by educational attainment, gender and age, average of selected OECD countries, 2017-20



Note: Data show the unweighted average of 29 countries: Australia, Austria, Belgium, Czechia, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Korea, Latvia, Lithuania, Luxembourg, the Netherlands, Norway, Poland, Portugal, the Slovak Republic, Slovenia, Spain, Sweden, Switzerland, the United Kingdom and the United States.

Education levels based on the ISCED 2011 classifications. Low: below upper secondary (0-2), Medium: upper secondary and post-secondary non-tertiary (3-4), High: tertiary education (5-8).

Source: OECD calculations based on the EU Statistics on Income and Living Conditions (EU-SILC), the Household, Income and Labour Dynamics in Australia (HILDA) Survey, Korean Labor and Income Panel Study (KLIPS) and Job-to-Job Flows database, US Census Bureau.

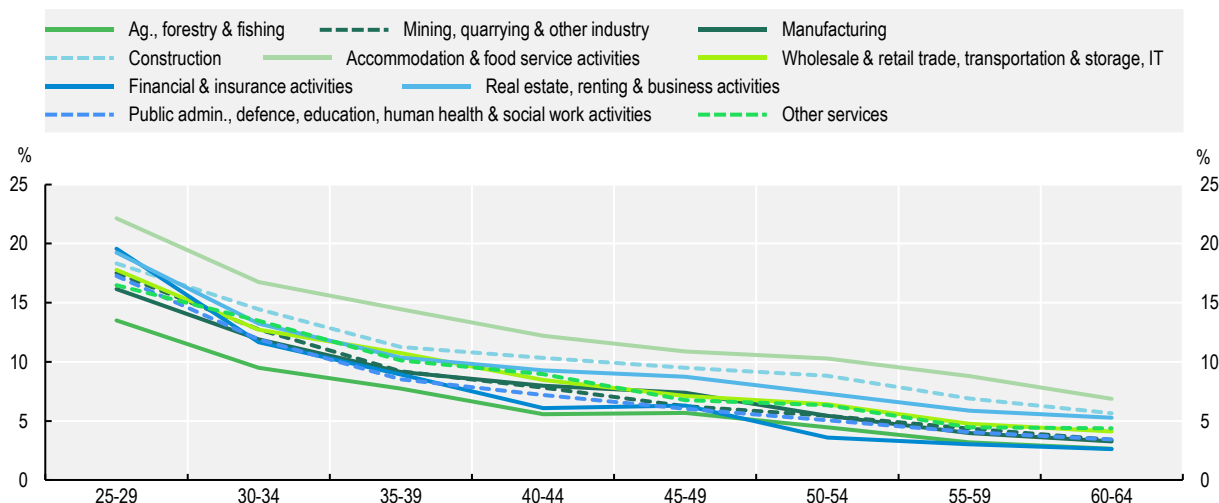
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2.1.4. Career mobility levels are sector-specific

Career mobility differs substantially across sectors, although declining by age. Workers in the accommodation and food service activities sector and in construction are likely to change jobs more often than in other sectors, reflecting shorter contract duration on average, and a higher share of low-skilled occupations. (Figure 2.4). Workers may of course switch sectors over the course of their careers and job mobility in their new sector will reflect average mobility in that sector.

Figure 2.4. Career mobility levels are sector-specific

Job-to-job mobility by sector and age, average of selected OECD countries, 2017-20



Note: Data show the unweighted moving average of 28 countries: Austria, Belgium, Czechia, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Korea, Latvia, Lithuania, Luxembourg, the Netherlands, Norway, Poland, Portugal, Slovenia, the Slovak Republic, Spain, Sweden, Switzerland, the United Kingdom and the United States.

Source: OECD calculations based on the European Union Labour Force Survey (EU-LFS), Korean Labor and Income Panel Study (KLIPS) and Job-to-Job Flows database, US Census Bureau.

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2.2. What type of career moves do older workers make?

The concept of the “job ladder” refers to how workers move between jobs, occupations, and industries in ways that affect their career trajectories, earnings and working conditions over time. Job ladder effects can be observed through upward, downward mobility and horizontal mobility. Through upward mobility workers might seek roles with higher pay, more responsibility, or better working conditions, for example. This is often contingent on acquiring new skills or leveraging existing skills in more lucrative ways. Conversely, some workers might experience downward mobility moving to jobs or occupations with lower pay or status as a result of market conditions, health issues or personal choices, such as seeking less stressful work environments. Job or occupational changes might not always lead to vertical movement on the job ladder but can also involve horizontal moves where workers transition to roles of similar status and pay. This can also be driven by the desire for better job fit, new experiences or escaping unfavourable working conditions. The consequences of mobility also depend crucially on whether a move is made voluntarily or forced.

2.2.1. Older workers are less likely than younger workers to change jobs for voluntary reasons

Involuntary moves are less likely to lead to better outcomes compared to voluntary moves. However, older workers are less likely to change jobs for voluntary job moves than younger workers. The incidence of job moves for voluntary reasons is lower for older workers because they change jobs less frequently than younger workers. Conditional on job change, the share of job moves for voluntary reasons also falls over the lifecycle from 52% of all job moves for workers aged 20-34 to 42% for mid-career workers (aged 45-54) and 34% for older workers (55-64) (Table 2.1). In contrast, conditional on job change the share of involuntary moves is highest for mid-career and older workers. Several factors may explain why involuntary

moves account for a higher share of all job changes as workers age. A skills mismatch can arise due to the evolution of technology leading to workers' skills becoming obsolete. Some jobs may also have physical demands that become more challenging as workers age increasing pressure to change jobs involuntarily. Older workers can also be disproportionately affected by company restructuring and downsizing as they often have higher salaries and benefits. The share of dismissals among all moves increases with age, meaning that among those people who change jobs, there is a higher probability that it is due to a dismissal. However, the probability of dismissal in absolute terms declines with age because overall job mobility for any reason declines with age. Older workers also have more frequently other reasons to change jobs, which are not measured specifically in the survey data used but could possibly include health reasons.

Table 2.1. Older workers are more likely to make involuntary job moves

Reason for switching jobs by age group (conditional on job change), OECD European countries, 2017-20

	20-34	35-44	45-54	55-64	Average
Voluntary (to take up or seek better employment)	52.3	47.9	41.8	33.9	46.8
Involuntary	28.2	30.8	35.5	35.9	31.3
• End of temporary contract	18.5	14.7	15.4	15.0	16.4
• Obligated to stop by employer	8.6	13.9	17.5	17.7	12.9
• Sale or closure of own business	1.2	2.3	2.7	3.2	2.0
Other reasons	19.5	21.3	22.7	30.3	21.9

Note: Data show the unweighted average of 26 European countries: Austria, Belgium, Czechia, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Latvia, Lithuania, Luxembourg, the Netherlands, Norway, Poland, Portugal, Slovenia, the Slovak Republic, Spain, Sweden, Switzerland and the United Kingdom.

Source: OECD calculations using EU Statistics on Income and Living Conditions (EU-SILC).

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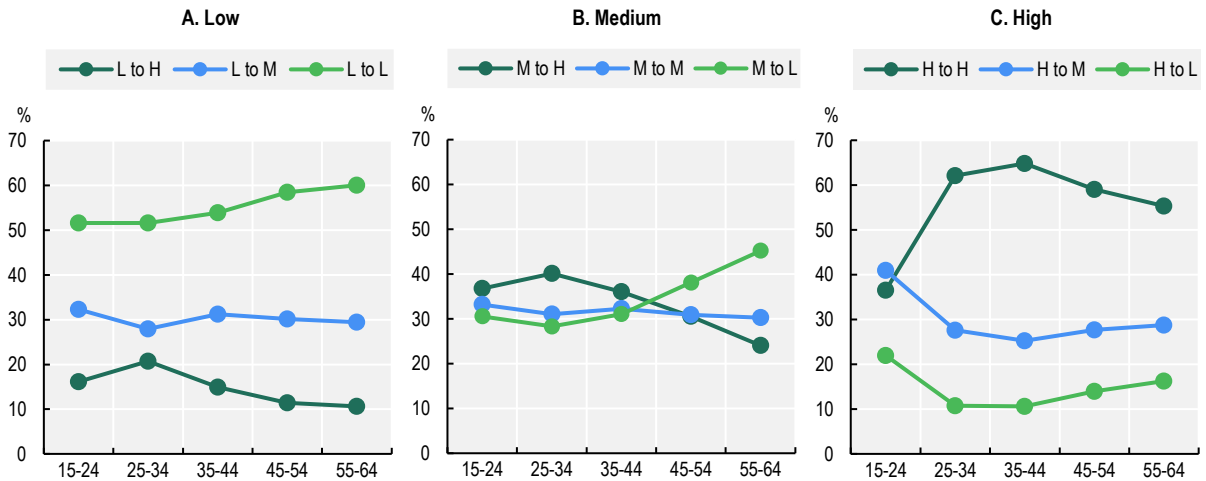
2.2.2. Older workers are often trapped in a cycle of changing between similar low skill jobs

The occupation and type of tasks that older workers undertake has important implications for the longevity of their working lives and transition to retirement. People engaged in physical manual work may have shorter working lives than people in professional occupations (Schram et al., 2021^[6]; Dalene et al., 2021^[7]). As shown in Chapter 1, older workers tend to be more often employed in jobs with poorer working conditions (exposure to hazards, poor work environments, etc.) than younger workers. These poorer working conditions are also likely to persist as older workers not only change occupation less often than younger workers, they are also more likely to change to another similar low-skilled occupation when they do change jobs.¹

In the context of occupational change it is possible to observe the likelihood of workers making upward, downward or horizontal moves by broad occupation groups. There is a high degree of stickiness involved in occupational changes; for workers who do change occupation, the likelihood that they will stay in a similar type of job (in terms of skill or task content) is very high. Across all age groups, workers in low-skilled occupations experience occupational mobility mainly towards other low-skilled occupations (Figure 2.5, Panel A). Conversely, workers in high-skilled occupations who change jobs mainly move to other equally high-skilled occupational categories (Panel C). The likelihood of a 55-64 year-old worker in a high-skill job changing moving to another high-skilled job is about 55%. Similarly, the likelihood of a 55-64 year-old worker in a low-skill job moving to another low-skilled job is also high – about 60%.

Figure 2.5. The majority of low and high skilled workers move to occupations that are similar in skill level

Share of occupational transitions by skill level and age, 2017-20



Note: Data show the unweighted average of 27 countries: Austria, Belgium, Czechia, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Latvia, Lithuania, Luxembourg, the Netherlands, Norway, Poland, Portugal, the Slovak Republic, Slovenia, Spain, Sweden, Switzerland, the United Kingdom and average years 2017-22 for the United States.

High skill occupations include jobs falling in the occupational categories of Legislators, senior officials and Managers; Professionals; Technicians and associate professionals. Medium skill occupations include jobs falling in the occupational categories of Clerks; Service workers and shop and market sales workers; Skilled agricultural and fishery workers. Low skill occupations include jobs falling in the occupational categories of Craft and related trades workers; Plant and machine operators and assemblers; Elementary occupations.

Source: OECD calculations based on EU Statistics on Income and Living Conditions (EU-SILC) and US Current Population Survey (US-CPS).

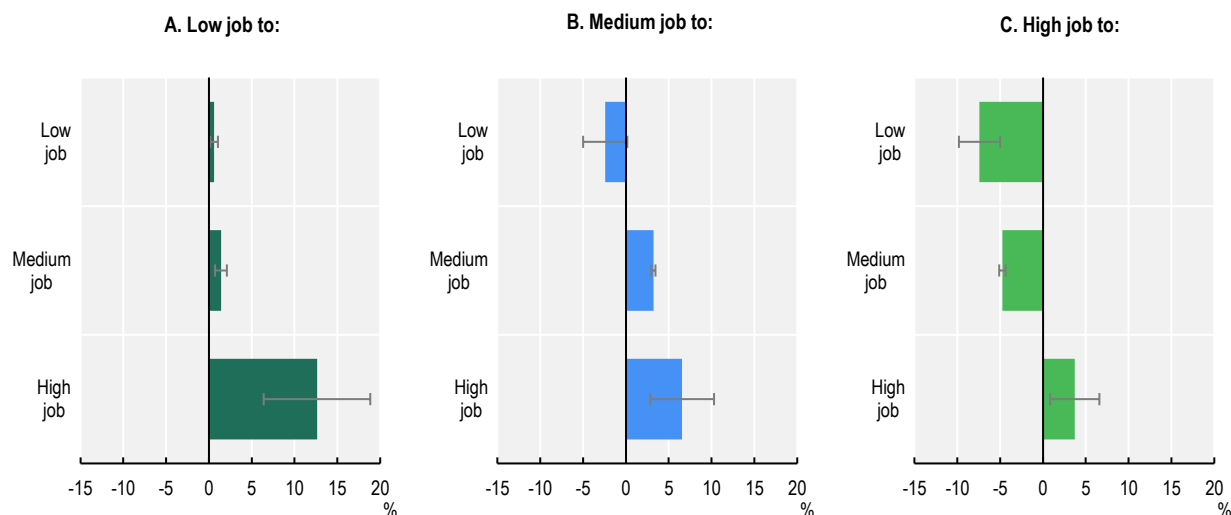
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Some increase with age in occupational downgrading can also be observed. High-skilled older workers are less likely than younger workers (aged 25-44) to move to another high-skilled occupation and are more likely to move to either a low or medium-skilled job (Panel A). Transitions from medium to low skill occupations also become more common among older workers (Panel B).

For low-skilled workers aged 45-64 the transition from one low-skilled occupation to another is correlated with wage growth of about 0.6% on average across OECD countries for which there is available data between 2010 and 2020 (Figure 2.6, Panel A). For workers who transition to a medium or high skilled occupation there is evidence of wage growth (particularly for those who transition to a high-skilled occupation, but only 1 in 10 low skilled workers make such a transition). In contrast, for workers aged 45-64 making either upwards or sideways transitions from either a medium or high-skilled occupation, wage growth is apparent.

Figure 2.6. Low-skilled workers who change occupation do not experience wage progression

Change in wage growth rate for workers aged 45-64 changing occupation voluntarily, 2010-20



Note: Data show the weighted average of 26 European countries: Austria, Belgium, Czechia, Denmark, Estonia, Finland, France Germany, Greece, Hungary, Iceland, Ireland, Italy, Latvia, Lithuania, Luxembourg, the Netherlands, Norway, Poland, Portugal, the Slovak Republic, Slovenia, Spain, Sweden, Switzerland and the United Kingdom. Results are the estimated effect of an occupational change on the change in log wages for workers aged 45-64. Regressions include controls for sex, marital status, presence of children, part-time status, education level, extent of disabilities, poor health, year and country fixed effects. Wages are deflated using the consumer price index. High skill occupations include jobs falling in the occupational categories of Legislators, senior officials and Managers; Professionals; Technicians and associate professionals. Medium skill occupations include jobs falling in the occupational categories of Clerks; Service workers and shop and market sales workers; Skilled agricultural and fishery workers. Low skill occupations include jobs falling in the occupational categories of Craft and related trades workers; Plant and machine operators and assemblers; Elementary occupations. Also shown are the 95% confidence intervals.

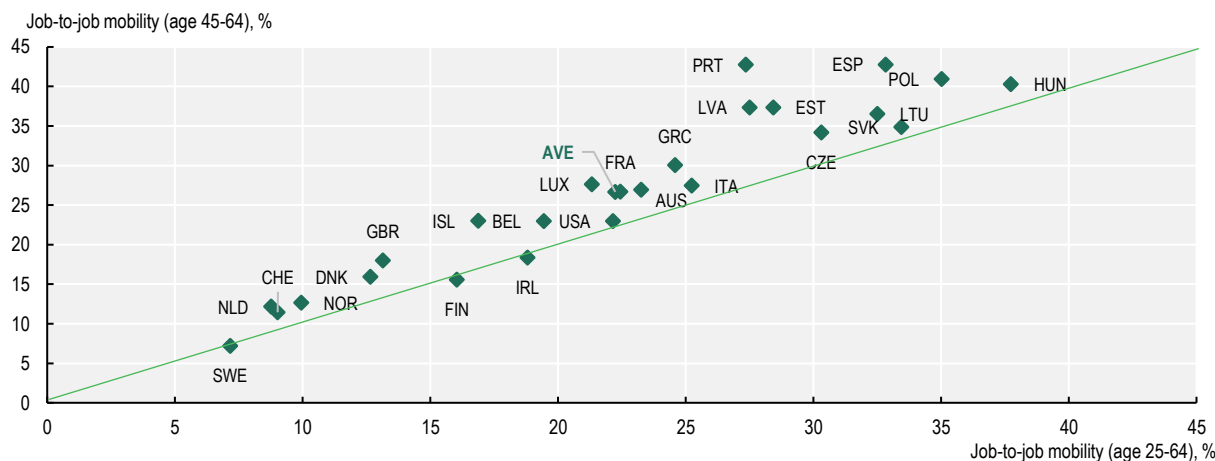
Source: OECD calculations based on EU statistics on income and living conditions (EU-SILC).

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Transitions from a low-skilled occupation to another low-skilled occupation represents 26% of all occupational transitions on average across 25 OECD countries for which there is available data among workers aged 45-64 (Figure 2.7, vertical axis). Among 25-64 year-old workers the share of low-to-low transitions as a share of all transitions is similar, but slightly lower at 22% (horizontal axis). However, there is wide variation across countries in the likelihood that a worker will move from one low-skilled job to another. Among 45-64 year-olds, the share of low-to-low skill transitions as a share of all transitions is over 40% in Portugal, Spain, Poland and Hungary. While the share of low-to-low transitions among 45-64 year-olds is lowest in countries such as Sweden, the Netherlands, Switzerland and Norway.

Figure 2.7. Low-to-low skill transitions as a share of total transitions are higher for older workers

Low-to-low skill job changes as a share of all occupational transitions, 2010-20



Note: AVE is the unweighted average of the 25 countries in the chart.

Source: OECD calculations based on the European Union Statistics on Income and Living Conditions Survey (EU-SILC) and the United States Current Population Survey (US-CPS).

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The most frequent occupational transition for workers aged 25-44 is from high-skilled occupations (business and administration associate professionals) to other high-skilled occupations (business and administration professionals), which is suggestive of an occupational upgrade. For workers aged 45-64, the most frequent occupational transition occurs for workers in medium skilled occupations, such as sales workers, towards other low skilled occupations, like cleaners and helpers. These results highlight the need to provide better support for low-skilled workers to make better job moves for example through improving skills or job search. Policies to help low-skilled workers are discussed in Chapters 3 and 4.

Table 2.2. Occupational transitions decline in quality as workers age

Most frequent occupational transitions by origin of occupation and age group, average EU OECD countries, 2017-20

Age	Origin occupation (ISCO 1-digit)	Origin occupation (ISCO 2-digit)	Destination occupation (ISCO 1-digit)	Destination occupation (ISCO 2-digit)
25-34	Technicians and associate professionals	Business and administration associate professionals	Professionals	Business and administration professionals
35-44	Technicians and associate professionals	Business and administration associate professionals	Professionals	Business and administration professionals
45-54	Service, shop and market sales workers	Sales workers	Elementary occupations	Cleaners and helpers
55-64	Service, shop and market sales workers	Sales workers	Elementary occupations	Cleaners and helpers

Note: Based on the unweighted average of 26 European countries: Austria, Belgium, Czechia, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Latvia, Lithuania, Luxembourg, the Netherlands, Norway, Poland, Portugal, Slovenia, the Slovak Republic, Spain, Sweden, Switzerland and the United Kingdom.

Source: EU Statistics on Income and Living Conditions (EU-SILC).

2.3. Who changes careers and who doesn't?

Before turning to the consequences of mobility for mid-career and older workers, this section briefly highlights key characteristics of people who are more likely to change occupations. Workers in temporary jobs or self-employed are more likely to change occupation compared to employees in permanent jobs.

2.3.1. Temporary workers are the most likely to change careers although this may be associated with higher risks

Individual characteristics that are associated with a higher likelihood of changing occupation are shown in Figure 2.8. Temporary workers are most likely to change occupation across all age groups. Both for younger and older workers, the largest predictor of whether someone changes occupation is being in a temporary job. This is not surprising, as temporary workers are often forced change jobs at the end of their contracts. Data for European countries suggest that only 39% of workers in temporary contracts change jobs to seek better employment (e.g. voluntarily change jobs), compared to 52% of workers in non-temporary contracts.

The larger propensity for career mobility among temporary workers is most likely a sign of job insecurity. Workers with temporary contracts are less likely to have access to social protection, training, and opportunities for career advancement. They are also more likely to be laid-off during economic downturns. For young workers temporary jobs are often seen as stepping stones to more secure work, but the empirical evidence on this is mixed (Filomena and Picchio, 2021^[8]), and there is no evidence for older workers.

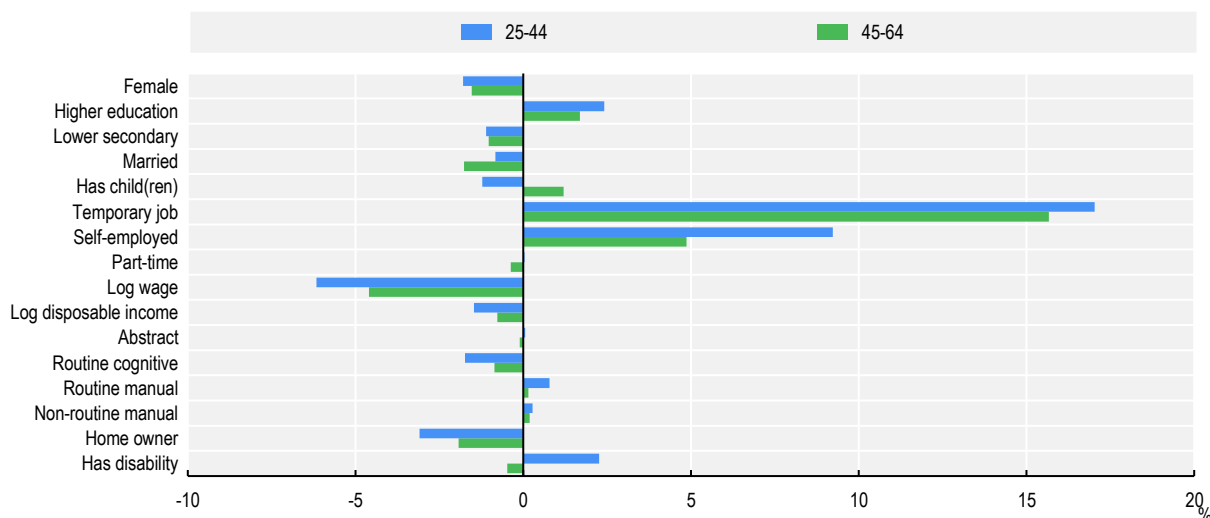
2.3.2. Self-employed workers are also likely to change careers, particularly for younger workers

Self-employed workers are also more likely to change occupation than employees (Figure 2.8). Just as with workers in temporary jobs, people in self-employment tend to experience less voluntary job moves than employees, although the difference is smaller (41% compared to 46%, respectively). The effect of self-employment on the likelihood to change jobs is smaller for older workers, however.

Self-employment offers greater flexibility and autonomy for older workers, but it also carries risks. Recent evidence from the United Kingdom shows that there is “frustrated demand” for obtaining an employee job, with older workers reporting the most difficulties (Blackburn, Machin and Ventura, 2023^[9]). Blackburn et al. (2023) find that on average 41% of those self-employed would be willing to switch to an employee job if they could secure the same income. A lack of jobs with comparable income is the main reason respondents give for not moving to an employee job, followed by lack of training and skills and no employee jobs in their geographic area (Blackburn, Machin and Ventura, 2023^[9]). Within the context of COVID-19, many studies, in different countries, have also found a deterioration in the mental health of the self-employed, typically associated with declines in work levels and a rise in financial instability and stress (Caliendo et al., 2023^[10]; Patel and Rietveld, 2020^[11]; Yue and Cowling, 2021^[12]).

Figure 2.8. Temporary workers are the most likely to change occupation

The likelihood of changing occupation by job and worker characteristics among persons aged 25-44 and 45-64, average of selected OECD countries, 2010-20



Note: The chart presents the point estimates from an estimation of several characteristics on the probability to change jobs, in a model using time and country fixed effects. The indicators are a weighted average of point estimates from estimating the model on three surveys (Australia, the United States and EU-SILC) for some estimates, and for others only one or two surveys as follows: Has disability/Metropolitan area (United States); Homeowner/Routine cognitive (Australia, the United States); Log wage/Temporary job (Australia, EU-SILC); and Log disposable income/Self-employed/Has child(ren) (EU-SILC, the United States). The 26 EU-SILC countries are: Austria, Belgium, Czechia, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Latvia, Lithuania, Luxembourg, the Netherlands, Norway, Poland, Portugal, the Slovak Republic, Slovenia, Spain, Sweden, Switzerland and the United Kingdom.

Source: OECD calculations based on EU Statistics on Income and Living Conditions (EU-SILC), the Household, Income and Labour Dynamics in Australia (HILDA) Survey and the United States Current Population (US-CPS) Survey.

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2.3.3. Family composition impacts the decision to move differently across ages

Individuals in multi-person households tend to change jobs less frequently than those in single households, particularly at younger ages. Married people are less likely to change jobs, slightly more so for older people. Having children lowers the probability of changing jobs for younger people, while it raises it for older people. Childcare could thus be a factor to changing jobs for younger couples, while it is less binding for older couples who tend to have on average older children.

Overall, parents do not seem to forego seeking better career opportunities more than non-parents. When analysing in more detail the reasons for a career change, it becomes clear that parents change jobs for similar reasons than non-parents: at younger ages, close to 50% change jobs to seek better employment, a share that drops to around 40% for older workers. Caregiving of older adults could be an additional factor affecting the mobility of older workers, particularly women.

2.3.4. Disabilities can make changing jobs more challenging

Ageing and the incidence of disability are closely linked and disabilities can create barriers that make changing jobs or occupations more challenging. Younger workers (aged 25-44) with a disability are more likely to change occupation, while workers aged 45-64 with a disability are less likely to change occupation (Figure 2.8). Evidence from the United States Health and Retirement Study shows that there is a link between disability onset and occupational transitions among older adults, affecting their job mobility

(Schimmel Hyde, Wu and Livermore, 2022^[13]). For those who are working and do not report a disabling condition at age 55, one-quarter of workers go on to experience a new disability before full-retirement age. Workers who experience a new disability are significantly more likely to change occupation if they continue working. Policies to support labour force attachment should consider how workplace adaptations can assist employees to remain in their current or new occupation.

2.3.5. Geographic flexibility also influences career advancement opportunities

Workers who are able to relocate geographically are more likely to make career changes. Homeowners, who tend to be less geographically mobile, have a lower propensity to change jobs, particularly among younger workers (Figure 2.8). Differences across age groups remain small, but homeownership can impose a stronger barrier to mobility among younger workers if they just purchased their home or are still paying their mortgage. Chapter 3 addresses geographical mobility as a barrier to career mobility and proposes policy solutions to reducing the cost of job-related relocation.

2.3.6. Workers in higher paid jobs are less likely to change jobs

Workers in higher paid jobs are less likely to change jobs (Figure 2.8). Higher paying firms are able to promote better employee retention, reducing the job-to-job mobility of highly paid employees (OECD, 2023^[3]). Both younger and older workers in higher paid jobs have a lower propensity of changing jobs, albeit this effect being smaller for older workers, possibly as the difference between high and low pay converges to an overall lower level of mobility.

More generally, better employment conditions reduce the need to change jobs, and this may be associated with lower mobility. When workers experience greater job satisfaction, good opportunities for career progression, a sustainable employment environment and adequate pay and benefits, they are less likely to change jobs (OECD, 2023^[3]). In fact, in such cases mobility is not desirable, as it takes time and resources for employees to acquire firm-specific skills, so excessive career mobility can be costly for firms and could result in lower aggregated productivity. It is only when workers do not have good employment conditions that their career mobility towards better jobs should be promoted. The following section specifically addresses this, by looking at whether older workers are in worse employment conditions than younger workers, which would be a case for promoting more good career mobility.

2.4. What are the consequences of career mobility?

The experience of job mobility for older workers depends on the type of job and occupational changes that they make as well as their individual characteristics and institutional context. The previous sections have shown that older workers experience less mobility, and when they do, they tend to experience more involuntary mobility and, especially if low-skilled, appear to be trapped into cycles of low-quality mobility. As it stands, it could be difficult for career mobility to deliver its promise to allow people to work longer by moving into growing sectors and higher skilled occupations. Changes in employer and government policy can play a key role in facilitating mobility for all workers, particularly disadvantaged workers.

The consequences of job and occupational change considered here include wages, task content, and the quality of the working environment.

2.4.1. Job or occupational changes can be positive for older workers in terms of pay, but involuntary change carries a penalty

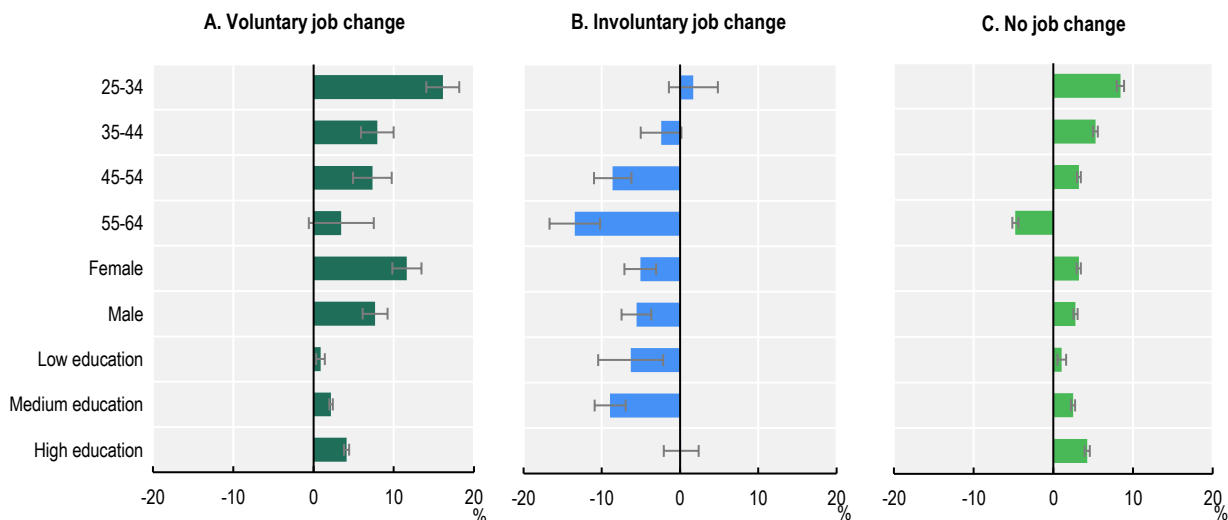
Job and occupational mobility can be beneficial when it allows workers to climb the job ladder or to move to a job that better matches the needs of a particular worker. “Good jobs” are something that people care

about, and moving can give rise to jobs with better pay, improved benefits, more flexible conditions or access to training for example (Rodrik and Stantcheva, 2021^[14]). “Job ladder” effects (i.e. upwards mobility) are well established, particularly for younger workers (Haltiwanger and Spletzer, 2020^[15]). On average, when young workers change job voluntarily, they are likely to enjoy stronger pay growth compared to workers who stayed in the same job.² However, there is much less evidence on whether this is also true for older workers. The consequences of a job change depend crucially on the characteristics of the worker and the type of job move they are making³ (Figure 2.9). Several key messages emerge from Figure 2.9:

- First, wage gains following voluntary job changes are apparent for all workers, but this declines with age (Panel A). On average over the period 2010-20, workers aged 55-64 who voluntarily changed job experienced wage growth of 3.5% (Panel A). Workers aged 45-54 experienced an average gain in wages of 7.4%; workers aged 35-44 experienced an average gain of 8.0% and workers aged 25-34 an average gain of 16.1%.
- Second, involuntary job change can be costly for individual workers (Jacobson, Lalonde and Sullivan, 1993^[16]; Couch and Placzek, 2010^[17]). Older workers in particular suffer large earnings losses from being laid off and experiencing a period of unemployment before finding a new job. On average over the period 2010-20, workers aged 55-64 who were forced to change jobs experienced an average decline in wages of just over 13% compared with 8.6% for workers aged 45-54 and 2.4% for those aged 25-34 (Panel B).⁴ In addition to the loss of pay, such workers are likely to take longer to re-enter the labour market, and the earning losses increase with the duration of unemployment (Fallick et al., 2021^[18]).
- Third, women are on average likely to experience a larger gain in wages from changing jobs (11.6%) compared to men (7.7%). Although the expected loss from an involuntary job change, or average growth from no job change are similar.
- Fourth, workers with less than upper secondary education making voluntary job moves are likely to experience much smaller wage growth (0.9%) compared to workers with higher education (4.1%) (Panel A). As the following section shows, a majority of workers in low-skilled jobs tend to move to other low skill jobs highlighting the importance of interventions such as better skill development to enable them to take up better opportunities.

Figure 2.9. Older workers who change jobs are more likely to experience wage gains than those who do not change jobs

Change in wage growth rate for workers changing jobs voluntarily and involuntarily by characteristics, 2010-20



Note: Data show the weighted average of 26 European countries: Austria, Belgium, Czechia, Denmark, Estonia, Finland, France Germany, Greece, Hungary, Iceland, Ireland, Italy, Latvia, Lithuania, Luxembourg, the Netherlands, Norway, Poland, Portugal, the Slovak Republic, Slovenia, Spain, Sweden, Switzerland and the United Kingdom. High education: completed a tertiary education, Middle education: achieved an upper secondary education and possibly some additional education but less than a bachelor's degree, Low education: below upper secondary education. Results are the estimated effect of a job change on the change in log wages. Regressions include controls for sex, marital status, presence of children, part-time status, education level, extent of disabilities, poor health, occupation, year and country fixed effects. Wages are deflating using the consumer price index. Also shown are the 95% confidence intervals.

Source: OECD calculations based on EU statistics on income and living conditions (EU-SILC).

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Box 2.1. A lack of wage growth within firms explains the decline in wage growth among older workers

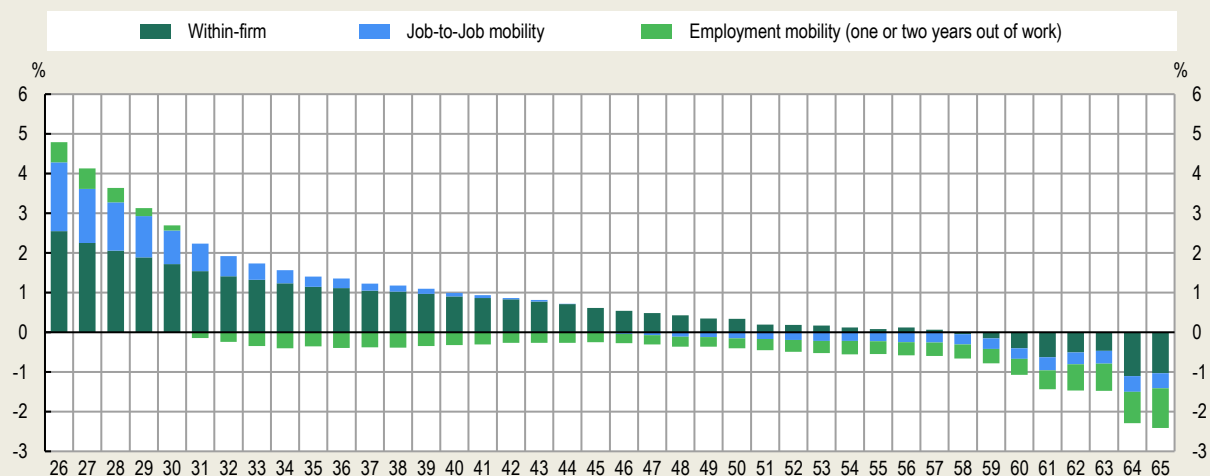
Linked employer-employee data can be used to decompose the source of overall wage into wage growth that occurs *within* the firm and wage growth that occurs from *between* firm job changes. This data is only available for a few countries (Austria, Estonia, Germany, Hungary and Portugal) and shows the gradual decline in wage growth with age, becoming below average at age 50 (Figure 2.10). This does not mean that wages fall for workers aged 50 and older, but rather that growth is increasingly small from one year to the next and eventually stops growing at all.

Within-firm wage growth represents the largest contributor to overall wage growth, particularly for younger workers. The overall wage growth that workers experience can be divided into wage growth that accrues to workers while working in their current firm, wage growth that they experience when they change firm and wage growth from transitions out of non-employment (Figure 2.10). Across all age groups, within firm wage growth on the job and in the form of promotions represents the largest source of wage growth. The contribution of employment mobility (meaning transitions between firms involving one or two years of non-employment) turns negative with age, as workers re-employed at older ages lose specific human capital (see Box 1.2 on the cost of displacement in Chapter 1).

As workers age they are less likely to have opportunities for upward mobility: for older workers, job-to-job and within-firm components of wage growth are negative. On average, for workers older than 50, job-to-job mobility and staying at the firm are associated with 0.26% and 0.19% below-average wage growth respectively. It suggests that older workers take smaller steps up the job ladder, both within their firm and between firms. This does not necessarily show that wage growth is negative for older workers i.e. that these workers take wage cuts or move to lower-paying firms.

Figure 2.10. Within-firm wage growth represents the largest contributor to overall wage growth

Wage growth at given age compared to average wage growth in the economy, average across five countries, 2000-19



Note: Austria, Estonia, Germany, Hungary and Portugal.

Source: OECD calculations based on national linked employer-employee data.

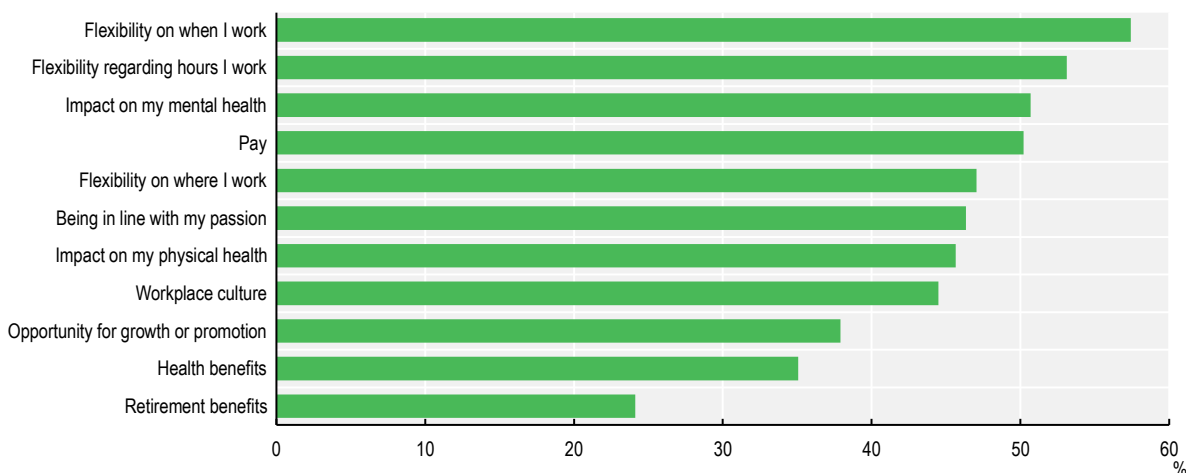
2.4.2. The quality of the working environment can also improve following job and occupational change

The quality of the working environment captures non-pecuniary aspects of employment such as flexibility, being able to do meaningful work, work intensity, and control over working environment and tasks. These aspects of job quality potentially affect worker job mobility and workers are also likely to move in search of better job quality.

Changing jobs to improve aspects of job quality is a common occurrence, and according to the 2022 AARP Global Employee Survey, a substantial share of workers experienced an improvement in various aspects of working conditions following a job change. On average (across 12 countries), almost 60% of workers over 45 found that flexibility on when they worked and flexibility regarding hours improved following a job change (Figure 2.11). Just over 50% reported an improvement in their mental health, and about 50% also saw an improvement in pay. Only 37% felt that opportunities for growth or promotion improved following a job change, and only 35% saw an improvement in health benefits.


Figure 2.11. Older workers who change jobs see improvements in flexibility, mental health and pay

Those who answered “better” to the question “Is your new job better, worse, or the same as your previous job in terms of the following factors? If you’ve had more than one job change in the past 5 years, please think about your most recent job change.”



Note: Respondents aged 45 and over. Unweighted average of the 12 participating countries.

Source: AARP Global Employee Survey. Online survey conducted in June/July 2022 of employees aged 25 and over in Australia, Brazil, Canada, Finland, France, Germany, Italy, Japan, Korea, Spain, the United Kingdom and the United States. Approximately 1 000 respondents in each country.

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Workers making mid-career changes could be finding jobs that match better their expectations and aspirations, making them more likely to continue working longer and less likely to leave the labour market prematurely. Longitudinal survey data can also be used to evaluate how workers perceive their jobs after a career switch. Figure 2.12 reports the effects from a job change on the perceptions about the current job for workers aged 45 and older in European OECD countries, the United States and Australia. In the United States and Australian data, it is possible to distinguish between voluntary and involuntary job moves. Overall, a job change appears to be associated with improved job perceptions: workers report experiencing less time pressure, more opportunities to develop new skills, more support to performing their job, and better job prospects. In OECD European countries, workers report an improvement in time

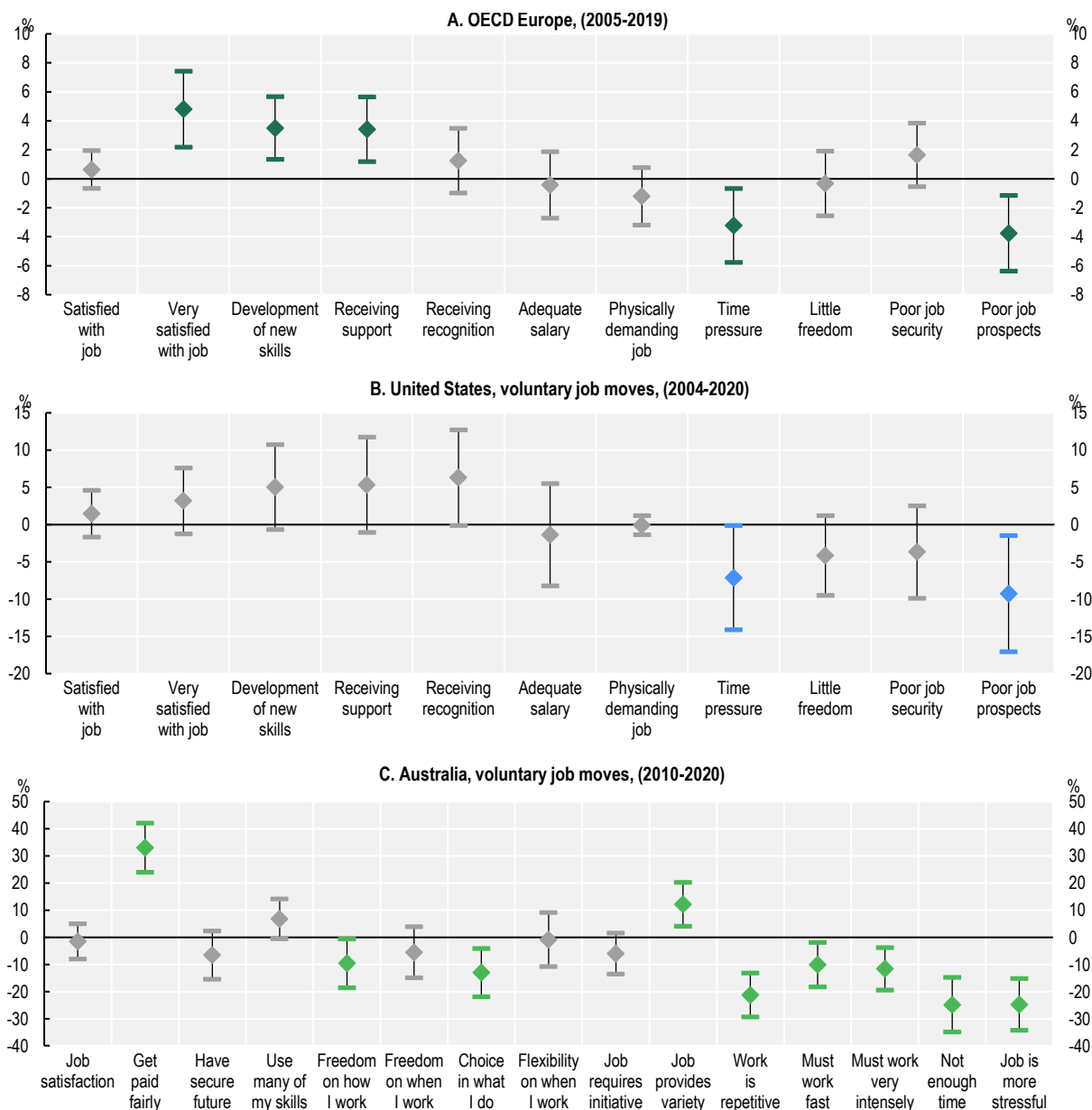
pressure, the development of new skills, an improvement in receiving support, an improvement in job prospects and job satisfaction, and a reduction in the likelihood of considering early retirement (Panel A). At the same time, the results for these countries indicate that there is no improvement in the physical demands of a job or improvements in freedom. There is also no improvement in receiving recognition, salary or job security.

In the United States, the picture is less positive (Figure 2.12, Panel B). Only two measures of job conditions are statistically significantly different from zero: worker's report improvements in time pressure and better job prospects. However, there is no evidence of an improvement in other characteristics including job satisfaction. In contrast the results based on involuntary job moves presented in the annex show no improvements in any measured dimension and a worsening in job prospects. Results based on involuntary job changes are presented in Annex Figure 2.A.1.

In Australia the results are similar (although the questions are different (Figure 2.12, Panel C). In Australia, workers report an improvement in stress and in the fairness of pay, a reduction in the repetitiveness of work and greater variety in job tasks. Similarly to Europe and the United States, workers also report improvements in time pressure as well as the speed and intensity with which they have to work. Results for Australia based on involuntary job moves show that workers are more likely to report that their future is insecure and no improvement in task variety or work speed or intensity (Annex Figure 2.A.1.in Annex 2A). Following involuntary job change, workers are also more likely to report a worsening in freedom and flexibility on how they work.

Figure 2.12. Many workers report improvements in job conditions after a job change

Change in job characteristics for workers aged 45-64 changing jobs



Note: Results are the estimated effect of a job change on self-reported job and work characteristics (work perceptions). Panel A regressions include health indicators (depression and overall health), labour market indicators (wage of current job, industry and occupation), wealth and income indicators (household income, benefit receipt, difficulty to make ends meet, a home renter indicator), household size, and informal care responsibilities, as well as individual, country and time fixed effects. Panel B regressions include health indicators (depression and overall health), household size, as well as individual and time fixed effects. Panel C regressions include indicators for sex, log real wage, marital status, presence of children, general health, mental health, education, housing tenure, industry dummies, as well as individual and time fixed effects. Panel A represents the unweighted average for 19 European OECD countries: Austria, Belgium, Czechia, Denmark, Estonia, France, Germany, Greece, Hungary, Ireland, Italy, Luxembourg, the Netherlands, Poland, Portugal, Slovenia, Spain, Sweden and Switzerland. Also shown are the 95% confidence intervals. Confidence intervals that cross the zero-line indicate that the effect is statistically insignificantly different from zero. Source: OECD calculations based on the Survey of Health, Ageing and Retirement in Europe (SHARE) Life History Wave 7, the Health and Retirement Study (US-HRS) Life History Wave 13 for the United States and the Household, Income and Labour Dynamics in Australia Survey.

Nevertheless, many workers also experience problems after changing jobs, particularly workers with low levels of education. On average across 12 countries in the 2022 Global Employee Survey, 19% of low educated workers said that their new job was not what they expected (among those who said that their job was worse after making a job change) (Figure 2.13). This compares to between 10-13% among those with medium or high levels of education. Thirteen percent of workers with low education say that they are equally frustrated as they were in their last job, compared to 6-7% of those with medium or high levels of education. These results are consistent with the evidence presented in Figure 2.5 showing that among workers who are in low-skilled occupations, 60% of them will shift to another low skill occupation when they change jobs.

Figure 2.13. Low skill workers are more likely to have regrets after changing job

Share of respondents to the question “Since you changed jobs, have you experienced any of the following?” among those who changed jobs and who responded that something in their new job was worse, by education level



Note: Respondents aged 45 and over. Unweighted average of the 12 participating countries. Low education: some secondary school, medium: secondary school or some vocational or university training, high: university degree or post-graduate degree.

Source: AARP Global Employee Survey. Online survey conducted in June/July 2022 of employees aged 25 and over in Australia, Brazil, Canada, Finland, France, Germany, Italy, Japan, Korea, Spain, the United Kingdom and the United States. Approximately 1 000 respondents in each country.

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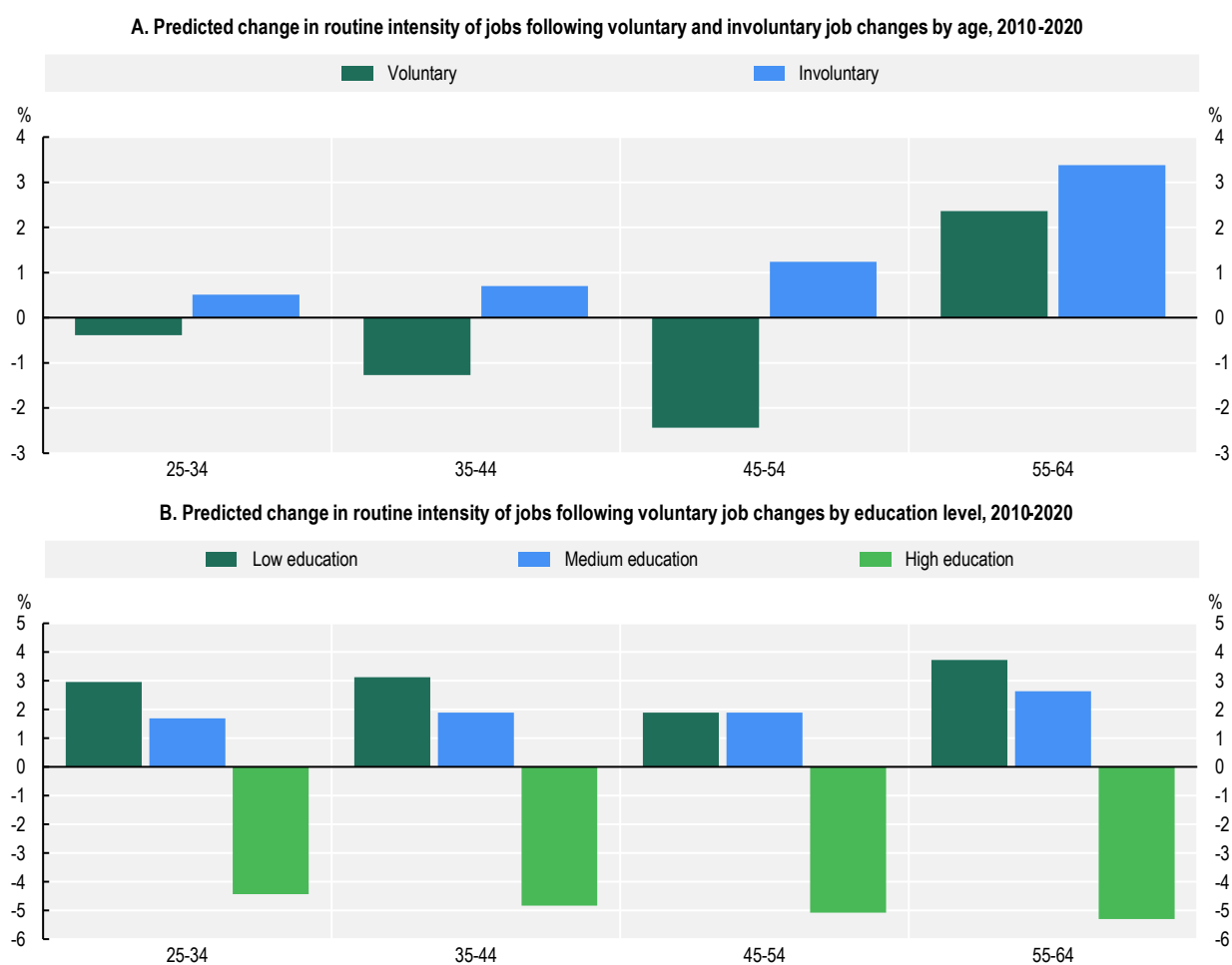
2.4.3. Older workers may face a higher risk of automation from the job changes that they make

The type of tasks workers do in their job can also change following a job or occupational change. A significant literature has established that some tasks are more susceptible to technological change than others (Acemoglu and Restrepo, 2022^[19]; Autor, 2015^[20]; Lassébie and Quintini, 2022^[21]). In recent decades, industrial robots have successfully automated many routine manual tasks in manufacturing and other sectors that were previously performed by workers. More recent developments in artificial intelligence such as generative AI have the potential to do the same with routine cognitive tasks (Cazzaniga et al., 2024^[22]; OECD, 2023^[23]). In the context of the ongoing diffusion of AI technologies, this raises concerns about an increasing range of jobs at risk of automation. Workers need to have the right level of skills to enable them to take advantage of opportunities offered by job and occupational changes.

Whether workers move towards more routine intensive jobs or less routine intensive (abstract) jobs following a job change can be measured.⁵ Younger and mid-career workers (up to the age of 55) are more

likely to shift into jobs that are more abstract and less routine in nature following a voluntary job change (Figure 2.14, Panel A). In contrast, workers aged 55-64 are more likely to voluntarily move to jobs that are more routine intensive. For younger and mid-career workers, moving into jobs that are more intensive in abstract tasks should be seen as a positive move as these jobs tend to be associated with higher wages and more stable employment prospects. For older workers, the shift to jobs that are more routine intensive is largely driven by workers with lower skill levels as shown in Figure 2.14, Panel B. Highly educated workers, regardless of age are more likely to move to jobs that are less routine intensive, while workers with low levels of education, and to a lesser extent workers with medium levels of education are more likely to shift to jobs that are more routine intensive. This is consistent with the evidence above that low-skilled workers are less likely than higher skilled workers to transition to better jobs (defined here in terms of the task content).

Figure 2.14. Older workers often move voluntarily to jobs involving more routine tasks



Note: Data represent the weighted average of 26 European countries: Austria, Belgium, Czechia, Denmark, Estonia, Finland, France Germany, Greece, Hungary, Iceland, Ireland, Italy, Latvia, Lithuania, Luxembourg, the Netherlands, Norway, Poland, Portugal, the Slovak Republic, Slovenia, Spain, Sweden, Switzerland and the United Kingdom. Education levels based on the ISCED 2011 classifications. Low: below upper secondary (0-2), Medium: upper secondary and post-secondary non-tertiary (3-4), High: tertiary education (5-8). Results are the estimated effect of a job change on a routine task intensity index. Panel A shows the results of separate regressions for voluntary and involuntary job changes. Panel B shows the results for voluntary job changes interacted with education level. Regressions include controls for sex, marital status, presence of children, part-time status, education level, extent of disabilities, poor health, occupation, year and country fixed effects. Source: OECD calculations based on EU statistics on income and living conditions (EU-SILC).

2.4.4. Workers who are displaced are most likely to shift to jobs that are intensive in manual tasks

Often workers will be forced to make a job move because they are laid off or because a temporary job comes to an end. As well as having a detrimental impact on wages, the task content of a workers' job is also likely to be very different for workers who subsequently find another job (Figure 2.14, Panel A). In this situation, workers irrespective of age, are more likely to shift to jobs that are more intensive in routine tasks and away from jobs intensive in abstract tasks. As workers age, the likelihood of shifting to jobs that are more intensive in routine tasks increases.

2.4.5. Older workers shift to part-time working arrangements when changing jobs, although not always by choice

Beyond pay and job task, a major consequence of changing jobs at older ages is a shift to part-time work, although the reasons are generally different than for younger workers. On the one hand, part-time work can offer valuable flexibility later in life and a pathway to retirement – there is overwhelming evidence that older workers value flexible working conditions (OECD, 2023^[3]; Ameriks et al., 2017^[24]). This can enable older workers to juggle competing demands including work but also family responsibilities such as caring for older relatives or give them the opportunity to pursue other interests part-time. On the other hand, for some workers working part-time may be a consequence of not being able to find full-time jobs. In many cases, part-time work may not provide enough income to meet their financial needs and may provide less opportunity for upward pay progression. There is a range of research that finds evidence of underemployment among older workers (Bell and Blanchflower, 2021^[25]). A shift from full-time to part-time work associated with job or occupational change also provides a possible explanation for the change in job task content experienced by older workers.

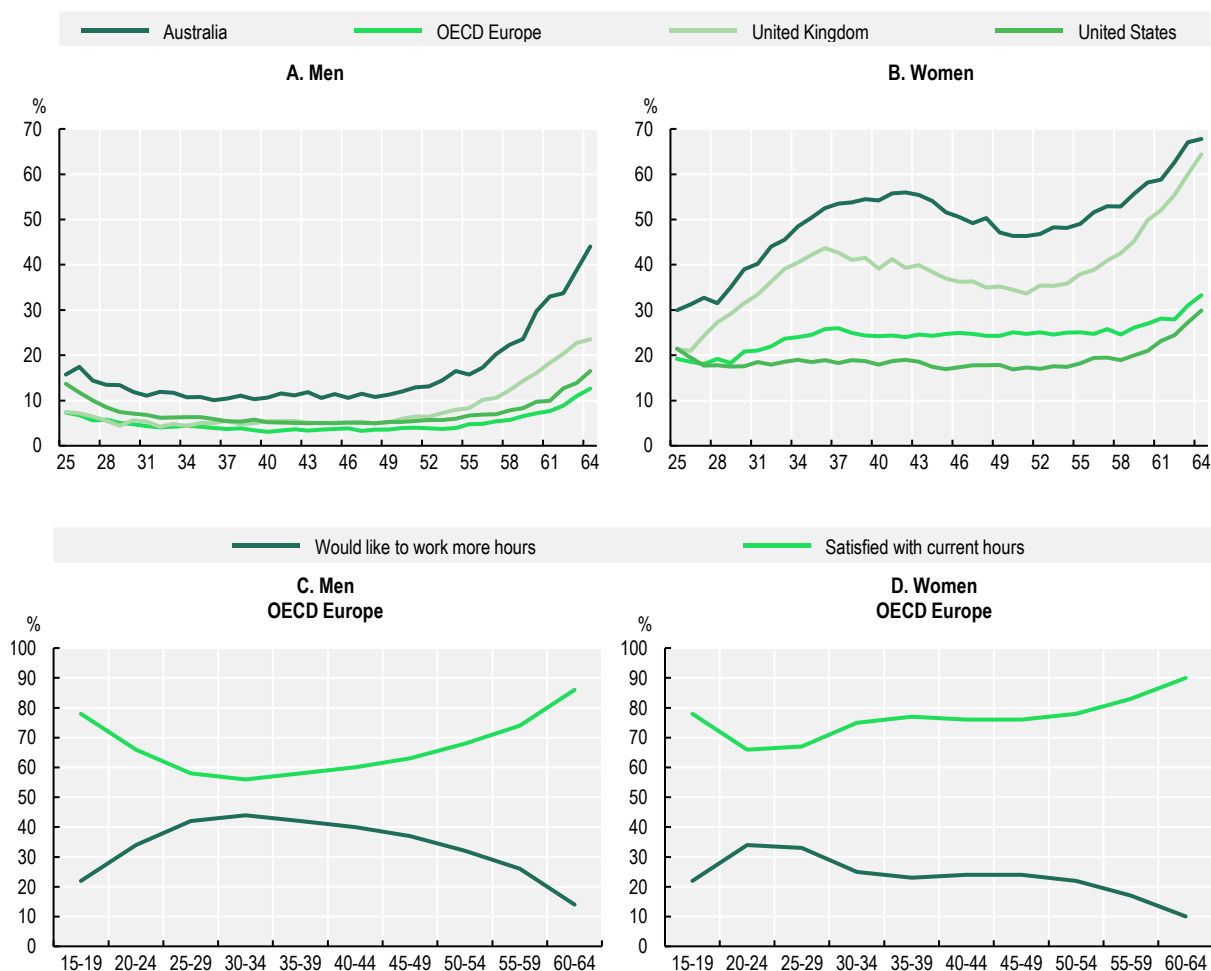
The proportion of workers working part-time increases as workers age across European countries, the United Kingdom, the United States and Australia (Figure 2.15, Panels A and B). This increase could be driven by these workers staying in the labour force for longer or by people moving to part-time jobs at older ages (or a combination of both). Data for these same countries, not presented here, show that the likelihood that older workers transition from full-time work to part-time work increases.⁶

The incidence of part-time work is much higher for women than men. On average across European countries the incidence of part-time work for women increases from 21% among 25-34 year-olds to 26% among 55-64 year-olds. For men, instead, it remains quite stable around 4% throughout their careers and increases from age 55 onwards to reach 13% at age 64.

The shift towards part-time work among older workers also appears to be positive in terms of hours for most workers (Figure 2.15, Panels C and D), although there is a significant minority of men in particular who would like to work more hours at older ages (29% aged 50-59). A smaller percentage of women would also like to work more hours, approximately 20% aged 50-59.

Figure 2.15. The incidence of part-time work increases with age

Share of persons working part-time (Panels A and B) and share satisfied with part-time work or would like more hours by age and gender (Panels C and D), 2017-20



Note: OECD Europe is the weighted average of 25 European countries: Austria, Belgium, Czechia, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Latvia, Lithuania, Luxembourg, the Netherlands, Norway, Poland, Portugal, the Slovak Republic, Slovenia, Spain, Sweden, and Switzerland. Panels C and D are the share of workers who want to work more hours and who are searching for a new job.

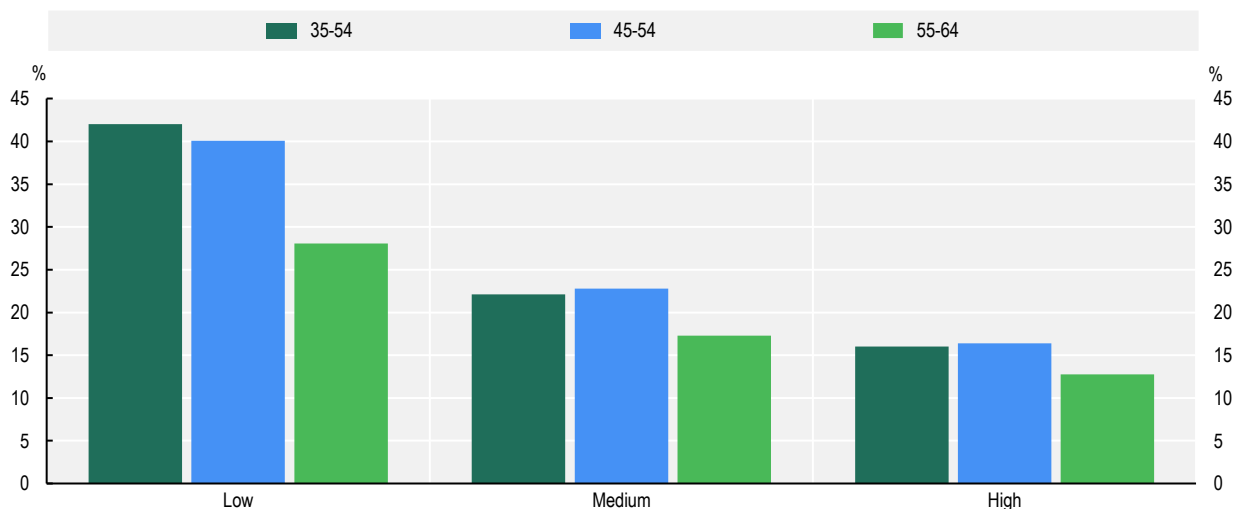
Source: OECD calculations based on EU statistics on income and living conditions (EU-SILC) and the Household, Income and Labour Dynamics in Australia (HILDA) Survey, Understanding Society for the United Kingdom and the Current Population Survey for the United States for Panels A and B, OECD calculations based on the European Union Labour Force Survey (EU-LFS) for Panels C and D.

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Workers with low levels of education are more likely to be working part-time because they cannot find a full-time job, across all age groups. Over 40% of 45-54 year-old workers with low levels of education are working part-time because they were not able to work full-time (Figure 2.16). This share falls to 20% and to 15% respectively for workers with middle and high levels of education. This result highlights the need to equip workers, and in particular workers who are at risk of being trapped in low skilled and poor-quality jobs, to facilitate their career mobility towards better jobs. When it comes to older workers, they may face barriers to the labour market, including to finding jobs, that need to be addressed in order to facilitate good career mobility. The following chapter describes these barriers in more detail and proposes policy solutions to address them.

Figure 2.16. Low educated workers are more likely to be working part-time because they cannot find a full-time job

Share of part-time workers who could not find a full-time job by age and level of education, 2017-20



Note: Data represent the weighted average of 26 European countries: Austria, Belgium, Czechia, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Latvia, Lithuania, Luxembourg, the Netherlands, Norway, Poland, Portugal, the Slovak Republic, Slovenia, Spain, Sweden, Switzerland and the United Kingdom.

Education levels based on the ISCED 2011 classifications. Low: below upper secondary (0-2), Medium: upper secondary and post-secondary non-tertiary (3-4), High: tertiary education (5-8).

Source: OECD calculations based on the European Union Labour Force Survey (EU-LFS).

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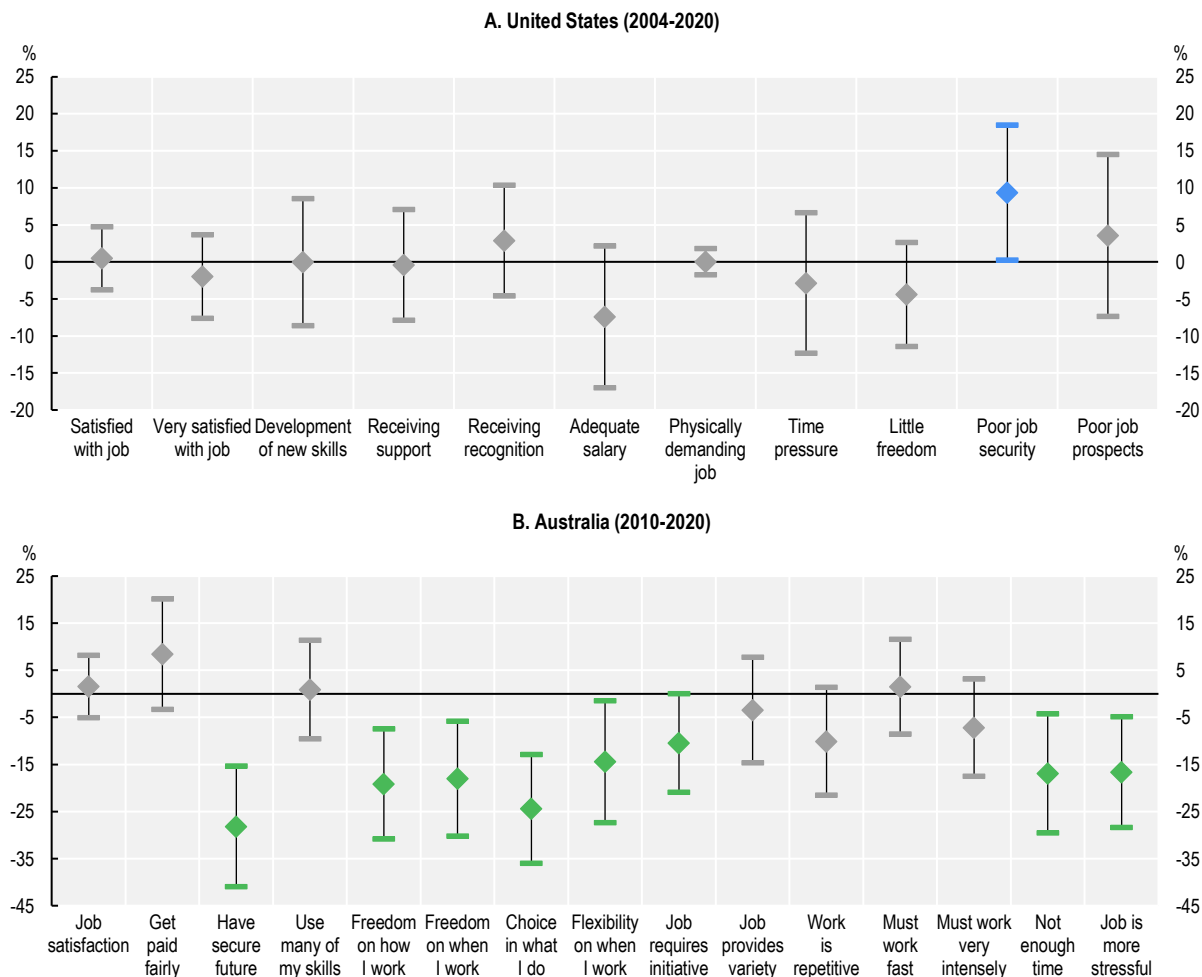
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Annex 2.A. Change in job conditions following involuntary job change

Annex Figure 2.A.1. Job conditions get worse after a forced job change

Change in job characteristics for workers aged 45-64 changing jobs involuntarily



Note: Results are the estimated effect of a job change on self-reported job and work characteristics (work perceptions). Panel A regressions include health indicators (depression and overall health), household size, as well as individual and time fixed effects. Panel B regressions include indicators for sex, log real wage, marital status, presence of children, general health, mental health, education, housing tenure, industry dummies, as well as individual and time fixed effects. Also shown are the 95% confidence intervals. Confidence intervals that cross the zero-line indicate that the effect is statistically insignificantly different from zero.

Source: OECD calculations based on the Health and Retirement Study Life History Wave 13 for the United States and the Household, Income and Labour Dynamics in Australia Survey.

StatLink <https://stat.link/schrzm>

Notes

¹ High skill occupations include jobs falling in the occupational categories of Legislators, senior officials and Managers; Professionals; Technicians and associate professionals. Medium skill occupations include jobs falling in the occupational categories of Clerks; Service workers and shop and market sales workers; Skilled agricultural and fishery workers. Low skill occupations include jobs falling in the occupational categories of Craft and related trades workers; Plant and machine operators and assemblers; Elementary occupations.

² Selection issues can of course bias the results and arise due to the fact that the decision to change jobs is not random and may be correlated with unobserved factors that also affect wages. For example, individuals who choose to move jobs voluntarily might have characteristics (such as ambition, skills, or risk tolerance) that are not directly observable but influence both their decision to move and their wages. This can lead to an overestimation or underestimation of the effect of job mobility on wages if these unobserved characteristics are correlated with wage changes.

³ General economic conditions also matter.

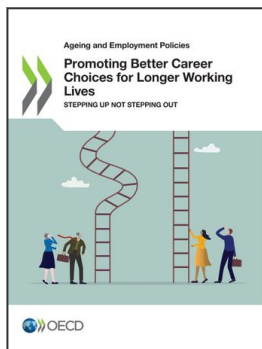
⁴ These results do not take into account selection. The displacement literature has concentrated on mass layoffs and firm closures as a way of dealing with selection, but analysing voluntary moves in a causal framework is more difficult.

⁵ The worker job task content is measured by creating a measure of relative routine task intensity (RTI) at the worker level, using the following approach from (Lewandowski et al., 2022^[26]):

$$RTI = \ln(r_{cog}) - \left(\frac{nr_{analytical} + nr_{personal}}{2} \right)$$

where r_{cog} , $nr_{analytical}$ and $nr_{personal}$ are routine cognitive, non-routine cognitive analytical and non-routine cognitive personal task levels.

⁶ For workers under the age of 50 the proportion moving from full-time to part-time work is fairly stable at around 6% on average across OECD Europe, the United Kingdom, Australia and the United States. After age 50, the proportion of workers moving to part-time work starts to increase with age. Among workers aged 60 to 69 the about 15% move from full-time to part-time work in the next year.



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