Job mobility and Pay: Floor and Ceiling Effects in Germany and the UK

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Outline

• Present Thesis
• Floor and Ceiling Effects
• Patterns of Mobility
• Patterns of Mobility by Gender and Education
• Findings
• Quick discussion of floor and ceiling effects as proposed by Pavlopooulos (2013)
Thesis

• I estimate worker “Return on Mobility” in Germany and the UK

• Three aims:
  – How does mobility affect outcomes? Do internal or external changes reward workers?
  – What are the differences between workers? Are all affected by mobility positively/negatively?
  – Do institutions play a part in shaping the relationship between mobility and outcomes?

• I run parallel case studies using DE/UK panels for the years 2000-2008.
What are Floor and Ceiling effects? (Pavlopolous 2013)

• “Low-paid workers need to change jobs to reach their maximum rewards, while high-paid workers have little to gain from a job change as they have reached their ‘ceiling’ earnings.”
  – In this way, secondary educated workers will rely on voluntary mobility to improve their conditions.
  – Third level educated workers will gain less from mobility, because of a ceiling on wages.
  – Further, secondary educated workers will hurt from involuntary mobility.
  – Third level educated workers will not hurt from involuntary mobility because of a floor on wages.
Mobility in Germany and the UK

Rate of mobility over the years from 1993 to 2013, comparing different datasets:
- EU-SILC DE
- EU-SILC UK
- SOEP
- BHPS (UndSoc)
How does mobility differ?

Voluntary and Involuntary Mobility

Rate

0.00% 2.00% 4.00% 6.00% 8.00% 10.00% 12.00% 14.00% 16.00% 18.00%


SOEP-vol
BHPS (UndSoc)-vol
BHPS (UndSoc)-invol
SOEP-invol
Basic mobility and gender

- Male mobility rate
- Female mobility rate

<table>
<thead>
<tr>
<th>Dataset</th>
<th>EU-SILC DE</th>
<th>EU-SILC UK</th>
<th>SOEP</th>
<th>BHPS</th>
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<tbody>
<tr>
<td>Male</td>
<td>5%</td>
<td>15%</td>
<td>10%</td>
<td>20%</td>
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<tr>
<td>Female</td>
<td>10%</td>
<td>20%</td>
<td>15%</td>
<td>25%</td>
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Findings

Germany
• Voluntary inter-firm changes
  – Minor positive returns in satisfaction, but not for hours or pay.
  – No significant change in pay.
• Intra-firm changes
  – Minor positive returns in satisfaction
  – Positive returns in pay.
• Involuntary changes
  – No change in satisfaction
  – No change in pay.

UK
• Voluntary inter-firm changes
  – Positive returns in satisfaction
  – Positive changes in gross monthly pay
• Voluntary intra-firm mobility
  – Minor positive returns in satisfaction
  – No significant change in pay
• Involuntary changes
  – No change in satisfaction
  – Large significant declines in pay
## Pay and Satisfaction with pay in the United Kingdom

<table>
<thead>
<tr>
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<th>Satisfaction with pay</th>
<th>Log pay</th>
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<tr>
<td><strong>Inter-firm voluntary</strong></td>
<td>+ (*** )</td>
<td>+ (*** )</td>
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<tr>
<td><strong>Inter-firm involuntary</strong></td>
<td>/ ( . )</td>
<td>-- ( *** )</td>
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<tr>
<td><strong>Intra-firm voluntary</strong></td>
<td>+ (*** )</td>
<td>+ ( * )</td>
</tr>
<tr>
<td><strong>Intra-firm involuntary</strong></td>
<td>/ ( . )</td>
<td>-- ( ** )</td>
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</table>

- Observations: 31,463 31,490
- R-squared: 0.07 0.18
- Number of pid: 6,917 6,920
- Weight: clustered SE clustered SE
# Pay and Satisfaction with pay in Germany

<table>
<thead>
<tr>
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<tr>
<td>Inter-firm voluntary</td>
<td>/ (. )</td>
<td>-(*)</td>
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<tr>
<td>Inter-firm involuntary</td>
<td>/ (. )</td>
<td>/ (. )</td>
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<tr>
<td>Intra-firm change</td>
<td>/ (. )</td>
<td>+ (*** )</td>
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<td>Observations</td>
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<td>R-squared</td>
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