

Job Mobility Within and Across Occupations*

Attila Gyetvai[†]

Duke University

Job Market Paper, October 2020. Latest version [here](#).

Abstract

This paper assesses the impact of occupational mobility on life cycle wage inequality. I develop a model of job mobility which attributes differential returns to occupations to occupationally heterogeneous labor market frictions, compensating differentials, and non-pecuniary job switching costs. I estimate the structural model on linked Hungarian administrative data and use it to quantify the relative importance of each of these mechanisms. High-skill occupations offer higher wages and more stable employment but lower non-wage amenities than low-skill ones. Coupled with less frequent offers and higher costs of switching from low-skill to high-skill jobs, workers who start in high-skill occupations have much steeper wage profiles. I find that occupationally heterogeneous labor market frictions are the key determinants of ex ante wage profiles. These results indicate that occupational heterogeneity in the sources of wage inequality is instrumental to fully account for life cycle wage dynamics.

*I thank Peter Arcidiacono as well as Arnaud Maurel, Seth Sanders, and Pat Bayer for their guidance and never-ending support. This paper benefited from useful discussions with Joe Altonji, Limor Golan, Thomas Le Barbanchon, Rasmus Lentz, Attila Lindner, Robert Moffitt, Jean-Marc Robin, Isaac Sorkin, Todd Stinebrickner, and members of the labor group at Duke, as well as comments by seminar and conference participants at SEA, HSE, EALE-SOLE-AASLE, ESWC, and the St. Louis Fed. Thanks to CERS-HAS for granting access to the data. Errors are mine.

[†]attila.gyetvai@duke.edu, attilagyetvai.com.