

# Long-term Effects of Job Mobility on Wage Growth in Japan: Moderating Role of Employment Status

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## Introduction and Background

Investigating relationship between (inter-firm) job mobility and wage growth is essential to reveal the process of generating inequality over the life-course.

Although previous studies revealed that labor market settings among societies diverges the consequence of job mobility (Gangl 2006; Schmelzer 2012; Schmelzer & Ramos 2016), **little is known on the role of segmentation within labor market.**

This paper explores **how labor market segmentation diverges the consequence of job mobility by investigating the moderating effects of changing employment status on wage growth in Japan.**

### Research questions

- How does job mobility affect subsequent wage level and growth, taking into the reasons for job mobility into account?
- How is the effect of job mobility moderated by the type of changing employment status, that is, regular and non-regular employment?

### Japanese context

Long-term employment (Kalleberg and Lincoln 1988), regulated school-to-work transition (Rosenbaum and Kariya 1989)

The rapid expansion of non-regular employment generates new “duality” in labor market (Rebick 2005, Keizer 2008, Imai 2011): Non-regular employees suffer quite lower wages (Tarohmaru 2011), and fewer prospects to promote (Houseman and Osawa 2003, Yu 2012).

### Hypotheses

- Mobility **from non-regular employment** would degrade wage level because of the difficulty to find a job with higher wage (stigma).
- Mobility **to non-regular employment** would degrade subsequent wage growth because the limited opportunity to receive training (limited prospects).

From:	To:	Level (Intercept)	Growth (slope)
Regular	Regular	+	+
Regular	Non-regular	+	-
Non-regular	Regular	-	+
Non-regular	Non-regular	-	-

## Methods

**Data:** Japanese Life-course Panel Survey, 2009–2018 (wave 3–12).

**Sample:** 23–43 years old employees (person-years) working at least 1 hour per week, who have already entered a first significant job. Not-employed, self-employed or family worker is omitted. N of person is 3,891; N of person-years is 18,947.

**Statistical model:** Fixed-effects model predicting logged hourly wage.

$$\log Wage_{it} = \alpha_1 Age_{it} + \alpha_2 Age_{it}^2 + \beta_1 D_{it} + \beta_2 Y_{it} + \sum_{k=1}^K \gamma_k X_{itk} + \gamma_t + u_i + \varepsilon_{it}$$

Whether respondent *i* experienced job mobility by the year *t* (coded 1) or not (0):  
**Estimate effect on intercept**

Years since respondent *i* experienced first job mobility during the observation period:  
**Estimate effect on slope**

We estimate the effect of **first job mobility during observation period.**

Job mobility is defined by **leaving the previous firm within the past year and then getting a new place to work within the year.**

## Composition of job mobility by reasons

	Overall	Disaggregating by the reasons		
		Involuntary	Job-related	Other
Regular-to-regular	0.368	0.222	0.516	0.381
Regular-to-non-regular	0.139	0.101	0.103	0.173
Non-regular-to-regular	0.108	0.122	0.090	0.108
Non-regular-to-non-regular	0.385	0.556	0.290	0.339
N of events	725	189	155	381

Note: events indicate first job mobility during the observation period. Each value indicates the proportion. Involuntary includes “bankruptcy, discontinuation of business, or displacement” or “the end of contract period.” Job-related includes “dissatisfied with salary or wage” or “there were no prospects for promotion or career.” Others indicate voluntary but non-pecuniary reasons.

## The Effect of job mobility on subsequent wage

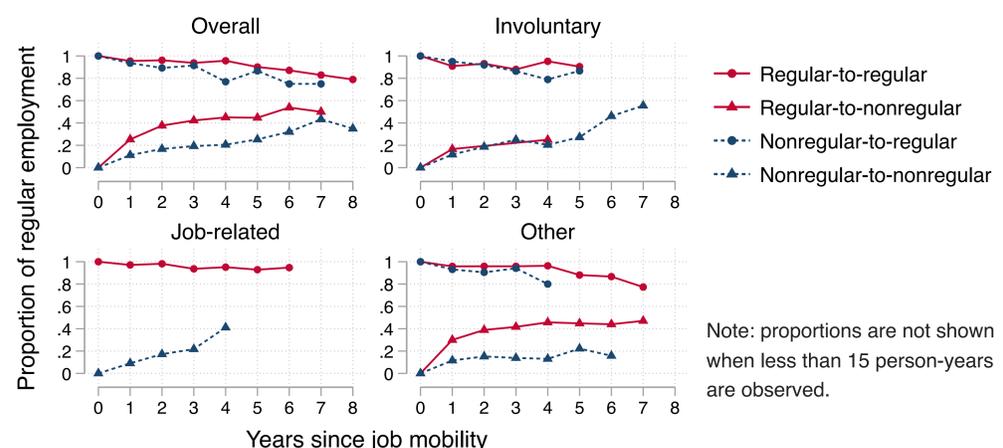
	Model 1	Model 2	Model 3	Model 4
Experience job mobility ( $D_{it}$ )	-0.028 ***			
from regular to regular		-0.007	0.000	0.019
from regular to non-regular			-0.031	-0.006
from non-regular to regular		-0.055 ***	<b>-0.110 ***</b>	<b>-0.089 ***</b>
from non-regular to non-regular			<b>-0.037 ***</b>	-0.013
Years since job mobility ( $Y_{it}$ )	-0.006 ***			
from regular to regular		-0.002	0.003	0.010 **
from regular to non-regular			<b>-0.012 ***</b>	-0.007
from non-regular to regular		-0.011 ***	0.008	0.015 **
from non-regular to non-regular			<b>-0.018 ***</b>	<b>-0.012 ***</b>
Occupation / industrial change				✓
Within R <sup>2</sup>	0.097	0.099	0.102	0.104

Note: \*\*\* p < .001, \*\* p < .01, \* p < .05. Standard errors are omitted. Other independent variables and individual fixed-effects are controlled (results are not shown). Occupation and industrial changes are mean-centered.

## Disaggregating by the reasons for job mobility

	Model 1	Model 2	Model 3	Model 4
Experience job mobility, <b>involuntary</b>	-0.071 ***			
from regular to regular		-0.062 **	-0.066 **	-0.074 **
from regular to non-regular			-0.054	-0.015
from non-regular to regular		-0.076 ***	-0.113 ***	-0.103 **
from non-regular to non-regular			-0.067 ***	-0.060 ***
Years since job mobility, <b>involuntary</b>	-0.009 ***			
from regular to regular		-0.006	0.003	0.022 **
from regular to non-regular			<b>-0.021 **</b>	<b>-0.021 **</b>
from non-regular to regular		-0.011 **	0.008	0.018 *
from non-regular to non-regular			<b>-0.018 ***</b>	-0.005
Experience job mobility, <b>job-related</b>	0.041 **			
from regular to regular		0.042 **	<b>0.035 *</b>	0.042 *
from regular to non-regular			<b>0.085 *</b>	0.086 *
from non-regular to regular		0.029	0.015	0.024
from non-regular to non-regular			0.035	0.026
Years since job mobility, <b>job-related</b>	0.002			
from regular to regular		0.011 **	<b>0.015 **</b>	0.006
from regular to non-regular			-0.004	-0.009
from non-regular to regular		-0.018 **	-0.007	-0.008
from non-regular to non-regular			<b>-0.023 ***</b>	<b>-0.028 ***</b>
Experience job mobility, <b>other reasons</b>	-0.041 ***			
from regular to regular		-0.021	-0.005	-0.009
from regular to non-regular			-0.059 **	-0.061 **
from non-regular to regular		-0.070 ***	<b>-0.149 ***</b>	<b>-0.151 ***</b>
from non-regular to non-regular			<b>-0.044 **</b>	-0.042 **
Years since job mobility, <b>other</b>	-0.006 *			
from regular to regular		-0.007 *	-0.003	0.004
from regular to non-regular			<b>-0.010 *</b>	-0.003
from non-regular to regular		-0.005	0.017 *	0.024 **
from non-regular to non-regular			<b>-0.013 **</b>	-0.007
Occupation / industrial change				✓
Within R <sup>2</sup>	0.102	0.104	0.107	0.111

## Employment trajectories after job mobility



Note: proportions are not shown when less than 15 person-years are observed.

## Conclusion

- Job mobility not only affects subsequent wage level **but also long-term wage growth**, particularly for not job-related reasons.
- The consequence of job mobility is **diverged among different mobility patterns on employment status**: Those who moved **from non-regular employment** suffers a **lower wage in the short-run**, and moved **to non-regular** suffers **in the long-run**.

**Labor market segmentation develops wage inequality between regular and non-regular employees through job mobility over the life-course** (not only cross-sectional wage inequality).