

Changes in job stability and its impact on the “quality” of the working life: an analysis by generation

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The issue of increasing job instability and job insecurity in the labor market has been a recurring topic in the media and has been widely debated since the mid-1990s, early 2000s, in France as in the US (Steevens, 2005; Farber, 1999), in UK (Burgess and Rees, 1996; Gregg and Wadsworth, 2002) and in many other OECD countries (Auer and Cazes, 2000; Buchholz *et al.*, 2009; Rokkanen and Uusitalo, 2010). The results are inconsistent from one study to another both regarding the reality of the phenomenon and the measure of its magnitude (Neumark, 1999; Valetta 1999; Duhautois, Petit and Remillon, 2012). One lacks of robust evidence of significant changes regarding job stability in the long term. Yet there is a strong belief of a major turning of occupational trajectories to greater instability¹ and insecurity with a widespread tendency to oppose the current situation to the stable careers of the thirty-year boom period after World War II. According to the media, many trajectories would today be characterized by alternations between periods of employment, periods of unemployment and inactivity and by a high level of job mobility. But one can wonder whether it is the fear of a drop in status that has increased or if there is a real increase in job instability (Maurin, 2009) as we see that many earlier studies don't find any significant rising trend of instability.

One difficulty to decide between these two hypotheses is that there is a lack of long-term data on past careers, especially prior to the mid-1970s. Panel data where job spells can be followed over their entire span is also generally lacking. Research on job mobility are thus often based on the examination of changes in the distribution of elapsed duration of ongoing jobs, or use retrospective questions about the longest tenure ever known or study the cross-sectional job change probabilities notably using the Labor Force Surveys. When some panels exist, the scope is often limited to job mobility of male workers inside the private sector preventing from observing mobility to other destinations such as public or self-employment, unemployment and inactivity. In addition, previous research gives little information on the “quality” of the job mobility. One can indeed interpret the instability in two ways. On the one hand, if the mobility results from the search for a better match it may be positive, both for the firm and for the worker. On the other hand, if the transition leads to a period of unemployment, to a more precarious or a lower-paying job, the mobility is more negative (CERC, 2005). Transitions in occupational trajectories can thus be either an opportunity or a threat. In terms of public policy it is important to improve our knowledge of occupational trajectories and of their transformations, in order to encourage positive transitions and better support critical ones.

We use the French data from the “échantillon inter-régime des cotisants” (EIC 2005), which are data from the pension contribution records matched with other administrative data about the salaries earned by the workers at each stage of their career and data describing the spells in compensated unemployment. These data are representative of people between 31 and 71 years old on December 31, 2005. They allow reconstructing the careers of cohorts born between 1934 and 1974 (one generation out of four).

¹ Instability can in a first approach be defined as the probability to change of job; insecurity as the probability of an involuntary job separation with, as result, a transition to unemployment.

Compared to other commonly datasets used in research on mobility (and especially the Labor Force Surveys), the EIC dataset has several advantages:

- The use of administrative data from the pension insurance records avoid problems related to recall errors and problems of consistency of measurement over time
- The individuals are followed throughout their career. It is thus possible to have information about the job turnover probabilities faced by workers from the 1950's (even if some data are missing for the first cohorts – born in 1934 and 1938) i.e. about more ancient times than in most of the French previous works.
- We are able to identify all destinations of the transitions, including to self-employment, public employment or unemployment
- We have data on wages earned throughout the career and ultimately on the pension rights, which allows to assess the quality of occupational trajectories.
- Data used include male and female workers while most of the previous studies focused on male occupational trajectories.

First, we describe the evolution of the instability in the French labor market by comparing the different cohorts. Are desired and undesired occupational moves as well as career interruptions more prevalent among younger individuals? How intra-generational inequalities, and especially gender ones, have evolved? Are male and female careers' patterns becoming closer with the development of women's activity?

Second, we assess the impact of mobility on the quality of trajectories. Are the most mobile careers doing better or worse in terms of aggregate wages and of pension rights? Can we identify ascending and descending occupational trajectories? Individuals constantly at the bottom of the hierarchy?

In terms of methods, we present a descriptive analysis of the average number of job mobility and of the average job tenures for the different cohorts. We also examine interactions with the standard socio-demographic variables (age, gender, education). Next, we assess the impact of mobility on the quality of trajectories, by measuring the effects of transitions on wages and pension rights.

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