

The mobile worker: concepts, issues, implications

RICHARD SWEET Sweet Group Pty Ltd





Australian Government

Department of Education, Employment and Workplace Relations



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About the research



The mobile worker: concepts, issues, implications

Richard Sweet, Sweet Group Pty Ltd

The dynamics of labour mobility have been a matter of long-standing interest to researchers and policy-makers. It is a tricky subject, one that is afflicted by limitations in the information available, and one which can also pose dilemmas for social policy-makers, who are concerned both to ensure a well-functioning labour market and people's welfare.

This paper is one of three commissioned by the National Centre for Vocational Education Research (NCVER) at the request of the Department of Education, Employment and Workplace Relations to tease out some of the issues connected to mobility in the Australian workforce. The related papers are:

- ♦ Does changing your job leave you better off? A study of labour mobility in Australia, 2002 to 2008 by Ian Watson
- ♦ Understanding and improving labour mobility by John Buchanan, Susanna Baldwin and Sally Wright.

In this paper Richard Sweet provides an overview of the implications and causes of labour mobility and job tenure using data from major statistical sources and the research literature. He finds that Australia's labour force is more mobile than almost all other Organisation for Economic Co-operation and Development (OECD) countries. Each year, around 10% change their industry, occupation or both, and geographic labour mobility appears to be around 3% to 5% of the Australian labour force, although the data here are not good.

People with post-school qualifications are less likely to be mobile than those without. The people most likely to be mobile are young. This is neither surprising nor necessarily a problem. Young people tend to have few commitments and often desire the flexibility that will allow them to decide on their career path. People working in casual jobs or in small enterprises with limited career prospects experience greater mobility, while those with post-school qualifications are more likely to change jobs but not occupations. Most people change jobs because they dislike the one they have.

Sweet suggests that Australian public policy has mixed effects on labour mobility. Because policies designed to influence labour mobility or tenure are difficult to design and are likely to have unintended consequences, this is an area where market forces should be allowed to operate. One area where interventions can be helpful is career development for people already in the workforce. Such services are less developed in Australia than in other OECD countries.

The net effect of labour mobility on employers, including employers who invest in training, is uncertain. Some will gain, some will lose, but studies at firm level are needed to understand the impacts better. Sweet also challenges the view that 'jobs for life' are in decline. There is evidence from studies in a number of OECD countries that average tenure in jobs over the last few decades has not changed much.

Tom Karmel Managing Director

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Executive summary

The paper provides an overview of labour mobility and job tenure and their implications. It: summarises some of the more salient conclusions about mobility and tenure and their causes that emerge from major statistical sources and the research literature; outlines some of the policy implications of mobility and tenure, with a particular emphasis upon implications for skill formation and career development policies; and points towards some issues that could benefit from further investigation.

The Australian labour force is highly flexible. While the measures might not be perfect, workers seem more likely to change jobs than in almost all other OECD countries. Around 10% or more change their job each year, and of this number perhaps three in four change their industry, their occupation or both. Around twice this number experience significant change to the nature of their work but do not change jobs. Perhaps another 3% to 5% (although the recent data are not very good) make a significant locality change in association with their work, a rate that seems to be somewhat above that observed in Canada or the United States. Taken together, these figures do not suggest that Australia has a significant labour mobility problem.

Mostly, people change jobs because they don't like the one they have (although perhaps one in three of those who change has to leave their job involuntarily). Most people who leave their job do so when they are under the age of 35 years, and they are more likely to make the change if they do not have houses, mortgages and family commitments. Job changing is also more likely if people are on casual contracts or if they work for small enterprises that offer fewer prospects for career variety and career development. Organisational commitment to the person seems to matter, as well as personal commitment to the organisation. Although education and training per se do not seem to be strongly related to mobility, when people who have post-school qualifications change their jobs, they seem to be much less likely to change their industry or their occupation, and more likely just to change their job, than are people without post-school qualifications. The overall state and nature of the labour market also seems to influence mobility, as do personality factors such as a willingness to take risks and have the skills to manage their own career, but the impact of these factors should not be exaggerated above other factors. Changing jobs doesn't appear to have a major impact upon people's earnings, but it does seem that it increases happiness, skill development and skill use.

It is hard to see any consistent attitude towards the desirability or otherwise of either tenure or mobility across a number of areas of Australian public policy. Some policies pull in one direction, some in the opposite, whether by intent or not. Some influence some forms of mobility, but leave others largely unaffected. Examples include policies that relate to education and training, retirement income, wage fixation, home ownership, family support, unfair dismissal, and occupational licensing. Many of the major factors that influence tenure and mobility do not appear to be readily open to direct policy intervention. And it is hard to identify common interests in either tenure or mobility among either enterprises or individuals. For these reasons policies intended to influence either mobility or tenure seem difficult to design and target if they are not to have unintended consequences. The most sensible assumptions for policy are that rigidities that reduce the dynamism of the labour market should be avoided, and that policies that maximise individual happiness and skill development should be promoted. Over and above this, firms and individuals should be left to sort things out for themselves. This suggests that it makes a great deal of sense for governments to focus upon policies to improve people's career development and thus their job satisfaction, whether these are achieved through job changing or through job tenure. Such policy stances are likely to benefit both individuals and enterprises.

Further work is suggested to enable a better understanding of the: costs and benefits of mobility and tenure for firms; the ways in which occupational qualifications appear to limit mobility between occupations and between industries; and how the market for career development services for adults operates and can be improved.

Introduction

Why do some workers change their jobs (but others not)? Is it a good thing for workers to be mobile, or should they be encouraged to stay with the same employer? Who gains when workers either change jobs or stay in the same job: workers, employers or the economy as a whole? Has worker mobility changed in Australia in recent years, and how does it compare with rates of worker mobility in other countries? Do workers benefit when they move interstate? What is and should be the relationship between labour mobility and skill formation? In recent years questions such as these have received far less attention than questions about how to get the unemployed back into work or how to encourage more people to enter the labour force or to stay in it¹: mobility has for many years been a somewhat under-researched topic in the Australian labour market (Lewis & Ross 1996).

However, questions about labour mobility are increasingly being raised in public discussion, driven to a large extent by concerns about skill shortages and by the labour demands of large resource and energy projects. For example, the Australian Chamber of Commerce and Industry has argued that improved job matches and worker productivity are assisted by labour being encouraged to move to different industries and locations (2007); the federal government's Taskforce for Strengthening Government Service Delivery for Job Seekers, announced in November 2009, has had as one of its terms of reference support for the mobility of workers seeking jobs, particularly for large employment projects and growth labour markets²; encouraging people to relocate has been suggested as one strategy that can help to address labour shortages in the resources sector (National Resources Sector Employment Taskforce 2010); and financial subsidies for those already in jobs have been advocated in the Australian media as one way to encourage workers to move to regions experiencing strong economic growth.

This paper is one of three that the National Centre for Vocational Education Research (NCVER) has commissioned to help improve our understanding of labour mobility.³ Essentially it is a preliminary scoping paper rather than an attempt to be an exhaustive summary of the literature. Its intent is to provide an overview of labour mobility and its implications; to summarise some of the more salient conclusions about labour mobility and its causes that emerge from major statistical sources and the research literature; to outline some of the policy implications of labour mobility, with a particular emphasis upon implications for skill formation and career development policies; and to point towards some issues that could benefit from further investigation.

The paper begins by looking at some of the ways that labour mobility and job tenure are defined and measured. It next tries to explain labour mobility and job tenure by looking at their relationship to some features of labour markets, of workplaces, and of labour market participants. Next, it discusses some implications of what is known about labour mobility and job tenure for a number of public policy issues, and in particular looks at the relationship between labour mobility, tenure and skills. It concludes by suggesting additional research and analysis that might help to improve understanding of the policy implications of labour mobility and job tenure.

¹ The implications of early career instability and job mobility for the transition from school to work has been a longstanding issue in the research and policy literature, but is not a principal focus here.

² Joint press release by the Minister for Human Services and the Minister for Employment Participation, 12 November 2009.

³ The other two are Buchanan, Baldwin and Wright (2011) and Watson (2011). Watson's (2011) analysis is drawn upon fairly heavily in several parts of this paper.

What are labour mobility and job tenure? How are they measured?

Labour markets are inherently dynamic: at any one time people are changing jobs, moving in and out of the labour market, losing jobs, getting jobs after spells of unemployment, or getting jobs after periods out of the labour force. Here the focus is on only the first of these many facets of labour market dynamics: movements between jobs, or labour mobility. Labour mobility and job tenure can be regarded as flip sides of the one coin. The two need to be examined together for several reasons: studies of why some workers stay in their jobs can help us to understand why others leave their jobs; the benefits or costs of one can only be properly understood in relation to the benefits or costs of the other; and government policies can and do at the same time both make it easier for workers to change jobs and encourage them to stay in their jobs.

Measuring mobility or tenure should be a simple matter of calculating how many workers or what proportion of workers did or did not change their jobs in any given period. However, in practice some common measures of mobility and tenure are confounded by the inclusion of forms of labour market dynamics in addition to movements between jobs. The remainder of this section looks at how labour mobility and job tenure are defined in the principal official Australian source of such data, and at how well the data reflect some key conceptual and policy-related dimensions of mobility and tenure.

Tenure-based estimates of job-to-job mobility

Tenure-based indicators are both commonly reported by national statistical agencies, and are commonly used in research on issues such as labour mobility and job security; see, for example, Burgess and Rees (1998), Macaulay (2003), Friedberg, Owyang and Sinclair (2006), Farber (2007) and Copeland (2010). The OECD Glossary of Statistical Terms⁴ indicates that:

Job tenure is typically measured by the length of time workers have been in their current job or with their current employer, and so refers to continuing spells of employment rather than to completed spells

The OECD reports tenure data in seven separate time intervals that range from less than a month to ten years or more. A simpler single indicator of job tenure commonly used in both international and national statistics is the proportion of workers whose job tenure is fewer than 12 months. This time period is, of course, somewhat arbitrary, and there is no reason why briefer periods such as fewer than six months or longer periods such as more than two years should not be chosen.⁵ Nevertheless, the 12 months point has become something of a standard. It is, for example, a common way in which the ABS reports tenure data: the number of people who have been with their current employer or business for fewer than 12 months has been published as the first major table in the Australian Bureau of Statistics (ABS) bi-annual labour mobility survey for over 30 years.⁶

⁴ <http://stats.oecd.org/glossary/index.htm> viewed 26 January 2011. The glossary does not define mobility separately from tenure.

⁵ And of course the estimated extent of mobility and tenure will vary with the size of the time interval that is selected.

⁶ ABS *Labour mobility Australia*, cat.no.6209.0. Other time intervals used to report mobility have changed from survey to survey, particularly at the upper end of the range. The survey is currently conducted in February every second year, and copies can be fairly readily obtained for the period since 1975.

In 2008, 22% of Australian workers had been employed for fewer than 12 months, a figure that is one of the highest in the OECD, exceeded only by Iceland and Denmark (figure 1).

Average job tenure (in years or months) is another way of showing tenure or mobility. This has the advantage of capturing data from an entire sample, rather than only from those whose job tenure falls in the specified time interval. The US Bureau of Labor Statistics reports mobility data in this way, in addition to reporting it in discrete time intervals.⁷ While this indicator is available for Australian data collected by the ABS, it is not commonly used.



Figure 1 Employed persons in their current job for less than 12 months, OECD countries, 2008 (%)

A major problem with tenure-based indicators is that they can include people who have entered their current job from unemployment or from out of the labour force, as well as those who have entered it from another job. And they are influenced by the numbers who leave a job during the reference period and either leave the labour force or become unemployed, rather than moving to another job. The impact upon estimates of tenure or mobility is considerable: 2008 data from the ABS Labour Mobility Survey shows that, when those who were not working 12 months previously are excluded, the proportion of employees whose tenure is fewer than 12 months falls from 22% to 11%. In other words around half of such short tenure spells arise from movements in and out of the labour force or in and out of unemployment, rather than from movements between jobs.⁸ This is one of the reasons that job tenure data, whether expressed in terms of average duration or specific durations, needs to be treated cautiously as an indicator of changes in workers' job security (Bureau of Labor Statistics [US] 2008). Estimates of overall mobility rates are influenced not only by workers' willingness or otherwise to change jobs when the labour market is expanding or contracting, but also by the relative size of inflows from, or outflows to, the pool of the unemployed and the pool of those not in the labour force.

Direct estimates of job-to-job mobility

An alternative approach that avoids this problem is to report the number of workers who changed jobs in a given reference period, with 12 months once more being commonly used as a standard. A

Source: OECD.Stat (i.e. <http://stats.oecd.org/Index.aspx>).

⁷ <http://www.bls.gov/>.

⁸ Over the period since 1994 the average comparable estimate is closer to 40% than 50%.

measure such as this has appeared in the ABS Labour Mobility Survey since the late 1980s.⁹ Prior to 2006 job mobility was defined as either a change of employer/business with or without a change in locality or a change in locality without a change of employer/business, with separate indicators being reported for both. Since the 2006 survey only those changing their employer or business have been reported, and a definition of job mobility is no longer provided in the survey's glossary.¹⁰ Table 1 suggests that, over the ten years to 2008, Australia had a labour mobility rate of between 11% and 16%, depending upon how it was measured, with around a fifth of the overall rate being due to workers changing the location of their work without changing who they worked for.

	Changed:		
	Employer/business ²	Locality only	Total
1988	13.3	4.9	18.1
1990	14.9	3.4	18.4
1992	9.6	3.1	12.8
1994	11.3	3.2	14.5
1996	12.6	3.1	15.8
1998	11.4	2.9	14.3
2000	12.8	3.1	15.8
2002	12.3	2.8	15.1
2004	11.8	2.5	14.3
2006	10.7	-	-
2008	10.7	-	-

Table 1 Persons who changed either employer/business or locality, 1988–2008 (%)¹

Notes: 1 Refers to persons who worked at some time during the reference year.

2 Including changed both employer/business and locality.

Source: ABS Labour mobility Australia, cat.no.6209.0 (various issues).

Estimating within-job mobility

From a career development perspective, job changes within the organisation are of interest as well as movements from one employer to another. Mobility within enterprises, including occupational change, is also seen by labour economists as an important labour market adjustment mechanism, alongside movements between enterprises (OECD 1994; Lewis & Ross 1996). Workers can improve the use of their skills, their job satisfaction and their working conditions within the enterprise, as well as by shifting to a different employer. Many may only change employers when opportunities for career development are not available in their current job, and so from an individual perspective looking at what occurs within the enterprise may help us to understand what occurs between enterprises. Enterprises that are interested both in using labour flexibly in order to adjust to changed business conditions, and in maximising the skills of their workforce, will be concerned about the capacity and willingness of workers to shift to new assignments: their internal staff development and training practices to some extent will reflect this.

The ABS reflects some of these dimensions in its regular labour mobility survey, in addition to providing indicators of job tenure and of employer-to-employer movements. For this purpose employees are regarded as having had a change in work if they have: been promoted; transferred to a different position; changed their usual hours of work; or changed occupation. This type of information is only given for those who have been with their current employer for one year or

⁹ A major revision of earlier data occurred in the 1998 edition of the survey as a result of estimates for prior years having been 'incorrectly specified'. For years in which both sets of data are available, the differences are typically quite large.

¹⁰ The reference group for this indicator is those who worked at any time during the year, rather than, as used in the tenure measure, those working at the time of the survey.

more.¹¹ For this group, the 2008 survey shows that 27% had some change in work in the previous 12 months. While the categories overlap, promotions or transfers were the most common form of changes in work, accounting for around two-thirds of all such changes, changes in hours for perhaps a third of the total, and changes of occupation for only around a tenth.

Another way of looking at these figures is to say that, in addition to the roughly one in ten employees who shift from one employer to another each year, about twice that number experience significant change to their work with the same employer.





Types of mobility

Not all job changes are equal: the type of labour mobility is probably even more important, both conceptually and in policy terms, than the overall rate of labour mobility. And the estimated rate of mobility will in large part depend upon which aspects of jobs and of mobility are taken into account in constructing indicators. Some key dimensions of mobility and their links to available indicators are discussed below.

Change in location

Table 1 shows that estimated mobility rates will vary, depending upon whether workers changing locality are included or not. Excluding such locality changes might make sense if they simply involve, for example, a bank worker shifting from a branch in one suburb to a branch in an adjacent one. However, the significance of a change of locality seems much greater if it involves, for example, a national company wanting to relocate to a region where costs are lower or market demand is higher. Data on locality changes are no longer available from ABS labour mobility surveys. Further analysis of ABS data on location changes and their consequences is included later in the paper.

Note: 1 The definitions of voluntary and involuntary cessations changed slightly from the 2000 survey. Source: ABS *Labour mobility Australia*, cat.no.6209.0 (various issues).

¹¹ Using those who worked at some time during the previous 12 months as the reference group, and excluding ownermanagers.

Whether change is voluntary or involuntary

This is likely to influence whether change leads to an improvement or otherwise in working conditions, job satisfaction, career prospects and skill use. ABS time series data suggest that there has been a fall in involuntary mobility since the mid-1990s, from close to a half of all cessations to somewhat less than a third (see figure 2), with the level now close to that observed in the late 1980s. This is a positive finding.

Change of industry or occupation

Job changes that involve only a change of employer and neither a change of industry nor a change of occupation is likely to require fewer personal adjustments than those that involve a change of one or both of these dimensions. For example, moving from working as an electrician with one domestic builder to another is likely to involve fewer adjustments than changing from being a domestic electrician to working as an electrician in the power-generation industry. Both are likely to involve fewer adjustments that does involve industry or occupational changes has implications for, among other things, skill and qualifications portability and flexibility, and hence for the breadth, nature and training content of qualifications (Karmel, Mlotkowski & Awodeyi 2008). Potentially such changes can have wider implications for issues of retraining, career change and occupational rehabilitation.

By ANZSCO major group, the ABS labour mobility survey shows occupation at the time of the survey and occupation 12 months previously. The 2008 survey shows that changing jobs is most common among machinery operators and drivers and sales workers, and least common among managers. Occupational change is highest among sales workers, labourers, and community and personal service workers, and lowest among professionals and technicians and trades workers (table 2).

Similar, although less detailed, data on mobility between industries are available by ANZSIC major division. They show that mobility between employers is highest in the mining industry, with one in five workers changing employer between 2007 and 2008, followed by accommodation and food services and administrative and support services. Those working in education and training, health care and social assistance, agriculture, forestry and fishing and public administration and safety are the least likely to change employers (table 3). A very similar group of industries accounts for the most and least common shifts from one industry to another.

Change in working conditions such as pay, job security, hours of work and the like

These aspects of mobility have implications for the quality of working life, as well as for industrial relations. They are likely to be particularly important for low-wage workers and those in insecure jobs. The level and quality of data on these dimensions of mobility that are directly available from the ABS labour mobility survey are relatively limited, and for such purposes other sources such as the Household Income and Labour Dynamics in Australia (HILDA) Survey must be used. Watson (2011) uses this survey to look at these types of outcomes.

Table 2 Persons who changed employer/business or occupation during the year ending February 2008 $(\%)^1$

Occupation 2007	Changed employer/ business	Changed occupation
Managers	7.3	6.7
Professionals	10.7	3.7
Technicians and trades workers	12.3	5.0
Community and personal service workers	12.5	10.5
Clerical and administrative workers	11.8	7.4
Sales workers	13.4	14.1
Machinery operators and drivers	13.6	7.8
Labourers	12.8	10.7
Total	11.5	7.4

Note: 1 Refers to persons who worked at some time during the year.

Source: ABS Labour mobility Australia, cat.no.6209.9 (2008).

Industry 2007	Changed employer/ business	Changed industry
Agriculture, forestry and fishing	6.2	4.4
Mining	19.6	7.4
Manufacturing	10.8	6.5
Electricity, gas, water and waste services	10.6	7.4
Construction	13.2	4.9
Wholesale trade	11.1	8.5
Retail trade	12.0	9.5
Accommodation and food services	15.9	14.1
Transport, postal and warehousing	12.1	6.8
Information media and telecommunications	12.1	10.3
Financial and insurance services	13.3	5.1
Rental, hiring and real estate services	14.5	8.4
Professional, scientific and technical services	12.5	5.7
Administrative and support services	15.8	11.3
Public administration and safety	9.7	4.5
Education and training	7.2	3.8
Health care and social assistance	9.0	3.8
Arts and recreation services	11.5	11.9
Other services	11.0	7.9
Total	11.5	6.9

Table 3 Persons who changed employer/business or industry during 2008 (%)¹

Note: 1 Refers to persons who worked at some time during the year.

Source: ABS Labour mobility Australia, cat.no.6209.9 (2008).

Change in job satisfaction, use of skills, career prospects, and overall happiness

While labour market analysis has traditionally focused upon outcomes such as employment and income, dimensions such as skill use, job satisfaction, happiness and life satisfaction have long been emphasised by career development specialists (McMahon & Tatham 2008; Hopson 2009), and are increasingly becoming part of the language of traditional labour market analysts; see, for example, Layard (2005) and Dockery (2010). These dimensions are not reflected in current ABS reporting on labour mobility, although, as is shown in the following section, some indirect conclusions about the link between mobility and skills can be inferred from it. As with outcomes from mobility that reflect working conditions, other sources such as the Household Income and Labour Dynamics in Australia Survey and the Longitudinal Surveys of Australian Youth (LSAY) are needed to look at outcomes such as these.

Why do workers change jobs?

This section tries to understand labour mobility and job tenure by looking first at their relationship to the overall state and characteristics of the labour market, including an analysis of trends over time, and then at how they are related to a number of characteristics of jobs and of people. On one level the answer is a complex one, with nearly all of the factors examined having a link in one study or another to people's propensity to change or stay in their jobs. On another level the story is relatively simple and intuitive. Only a small number of factors seem to have a large and relatively consistent relationship to job-changing behaviour, and the impact of others that appear important on the surface is reduced once their interaction with other factors is taken into account.





Note: 1 Tenure refers to those in their current job for fewer than 12 months, with those working at the time of the survey as the reference population. Mobility refers to those who changed their employer/business during the year, with persons who worked at some time during the year as the reference population.
Source: ABS Labour mobility Australia, cat.no.6209.0 (various issues).

Mobility, tenure and the condition and nature of the labour market

A first and obvious question is whether job mobility and job tenure rates have changed either upwards or downwards in Australia in recent years, and whether any trends in mobility can be linked to overall labour market conditions. Although the answer partly depends upon the indicator and the time period chosen, a quick answer is that it would be hard to demonstrate conclusively one way or the other. For the 1986–2008 period, figure 3 shows data both on the proportion of workers with short tenure spells and on the proportion of workers changing their jobs in a 12-month period.¹²

¹² Tenure estimates are fairly readily available for the period since the mid-1970s, but mobility estimates only for the period shown in the chart.

The ABS revised its main mobility indicator backwards in the 1998 survey on the grounds that earlier estimates had been 'incorrectly specified', and the chart shows both the original and revised estimates.

A further complication is that prior to the 2006 survey those job changers who changed location but not their employer were separately counted and could be included in an overall mobility estimate, but have been excluded since the 2006 survey. The chart shows only the estimate that excludes location changers. If mobility rather than tenure is used as the measure, and looking at the revised indicator that is available for the 20-year period to 2008, there has been little change one way or another since the early 1990s, although a comparison of 1990 with the two most recent surveys does suggest a decline rather than a rise.

There is a suggestion in figure 3 that there has been a decline in short tenure spells over the period, but a longer-term perspective casts this into doubt. Figure 4 plots the proportion of workers with short tenure spells against the overall unemployment rate the previous August (bearing in mind that the mobility survey occurs in February), with both indicators indexed to their initial value in the series (February 1979 in the case of tenure, and August 1978 in the case of unemployment). The chart makes two things clear. First, the decline in short tenure spells that is apparent since the late 1980s sits beside a rise in such short periods of tenure in the 1980s. Cyclical variation is apparent, but there is not a general tendency over a longer period for short tenure spells to increase or decrease: the most recent figure is at about the same level observed in the early 1980s.



Figure 4 Short tenure spells and unemployment, 1979–2008

Sources: ABS Labour mobility Australia, cat.no.6209.0 (various years); Labour force Australia, cat.no.6202.0 (various years).

The second point that is clear from figure 4 is that short tenure spells seem to be sensitive to changes in the overall rate of unemployment. The pattern could be interpreted as demonstrating that, when unemployment is high, people hang on to their jobs and short tenure rates fall: when the labour market picks up they appear to be more willing to take risks, and the incidence of short tenure rises. However, as pointed out earlier, tenure rates are sensitive to labour market flows other than job changing. When unemployment rises, those with the shortest tenure tend to be laid off first, and this will increase overall tenure rates. When firms start hiring again, people flow back into employment from unemployment or out of the labour market, and the relatively higher share of new workers will cause average tenure to fall. This type of interpretation reinforces the earlier suggestion about the need for caution when using tenure rates as indicators of mobility. Danish research (Graversen 2003) supports the above type of explanation, finding for the 1988–1996 period that inflow mobility (hires) is pro-cyclical and outflow mobility (separations) is counter-cyclical, with counter-cyclical mobility found to be relatively invariant over groups (age, industry

sector and firm size). Australian research comes to a similar but not unsurprising conclusion: voluntary mobility is pro-cyclical, while involuntary mobility is counter-cyclical (Felmingham & McDonald 1999). Moscarini and Vella (2008) show that in the United States the inverse relationship between mobility and age is weakened when unemployment is higher.

The level of unemployment is one measure of the overall degree of opportunity or choice that the labour market provides. The degree of urbanisation and hence the range of job choice is another. Using the Household Income and Labour Dynamics in Australia Survey data, Bill, Mitchell and Welters (2006) show that mobility is higher in metropolitan areas where jobs are plentiful than in non-metropolitan areas where they are not. Watson (2011) also shows that geographical location can influence mobility: mobility is, as an example, substantially lower in Tasmania than in the ACT.

Mobility can also be related to the extent to which legislative requirements either raise the costs of hiring new workers or of firing existing workers, or alter the financial incentives that workers have to stay with or leave an employer. A number of studies, summarised by the OECD (2004a), suggest that in countries where employment protection legislation is strict, firms' ability to fire is limited and workers are less likely to change their jobs. Other studies have shown that changes to the strictness of employment protection can have an impact upon mobility behaviour. For example, Danish research (Eriksson & Westergaard-Nielsen 2007) argues that higher mobility in that country between 1980 and 2000 can be explained by a shift to decentralised wage bargaining. Italian research (Kugler & Pica 2005) explains a reduction in accessions relative to separations in small firms by an increase in small firms' dismissal costs. Despite provisions of the 1996 Workplace Relations Act having tightened the ground rules for determining if a dismissal is unfair, employment protection legislation in Australia is far less strict than in most other OECD countries (OECD 2004a). Legislative changes by the Howard government in 2005 and the Rudd government in 2008 are likely to have respectively loosened and then tightened these provisions, but it seems fair to conclude that, despite these successive legislative changes, employment protection in Australia is relatively weak compared with many other OECD countries: it is easier for employers both to dismiss and to hire workers than elsewhere. The impact of these changes upon worker mobility is not clear. It should be recalled that figure 2 shows that involuntary cessations rose between the late 1980s and the mid-1990s, but have declined steadily since the introduction of the 1996 Workplace Relations Act. Whether or not these trends are related in a causal way to such legislative changes in unfair dismissal provisions is suggestive but remains to be demonstrated.

It should also be pointed out that changes to employment protection provisions—which might have had the effect of reducing mobility—have coincided with major changes to Australia's wage-fixation arrangements which, as the Danish research referred to earlier suggests, might have had the opposite effect. It has also coincided with the progressive increase from 3% to 9% in compulsory superannuation contributions, and with 2004 changes to allow portability between superannuation accounts¹³ which, as will be discussed later, could be concluded from US studies on the impact of health insurance to have had effects upon mobility: encouraging it if benefits are portable, discouraging it where they are not. And it has coincided with a progressive growth in the proportion of Australian workers on casual employment contracts, which, as will be shown below, are associated with higher mobility rates. For all of these reasons, conclusions about overall trends in Australian labour mobility and about the impact on them of overall labour market conditions and arrangements need to be treated with great care. We simply do not know how all of the macro-level factors have interacted, but there are good grounds for arguing that they have not all pulled in the same direction.

The need for caution about suggestions that workers have become either more or less inclined to change their jobs in recent years is reinforced by the research literature. The OECD (Martin & Bowers 2000) argues that only in Spain and the United States can average job tenure be shown to have declined and that it has in fact increased in a number of countries (France, Germany, Japan

¹³ <http://www.aph.gov.au/library/pubs/bn/eco/Chron_Superannuation.htm>.

and the Netherlands). Three United Kingdom studies (Booth, Francesconi & Serrano 1997; Burgess & Rees 1998; Macaulay 2003) find some evidence there of a decline in tenure since the 1980s, although one (Burgess & Rees 1998) concludes that there is no evidence to support the view that jobs for life have come to an end. Even in the United States, where the OECD has concluded that tenure has declined, a more recent study by Copeland (2010) concludes that average tenure has remained largely unchanged over a 25-year period, although there have been some compositional changes. A Canadian study from the mid-1990s (Heisz 1996) found no rise between 1984 and 1994 in average job duration, although it did conclude that this stable average contained both greater job instability among new job holders and greater stability after 12 months of job tenure.

In most parts of the developed world and seemingly also in Australia, there is little solid evidence to support a general case that mobility has increased and average job tenure has declined. Nevertheless many writers about the future of work and many career development theorists argue, and have done so for some years, that work is increasingly insecure, that job changing is more common now than it was, and that it will become more common in the future than it is now. This type of message about work and its future can be seen in writers such as Charles Handy in the mid-1980s (Handy 1985), Will Bridges in the mid-1990s (Bridges 1995), and more contemporary career development specialists such as Barry Hopson (Hopson 2009). The argument that work has become more insecure, that mobility has risen, and that workers will have to learn how to cope with an even more mobile and insecure future is often based upon speculation about the impact of the rise in casual, part-time and temporary employment that can be observed in a number of OECD countries. While this does not seem to have been translated into a general increase in job changing, including in Australia, where these trends are perhaps more prominent than in many other OECD countries, there is evidence from the mid-1990s of widespread and in some cases sharp increases in perceived employment insecurity (OECD 1997).

Mobility, tenure and the characteristics of jobs

Labour mobility and job tenure can be systematically related to the characteristics of the jobs that workers hold as well as to overall characteristics of the labour market.

An obvious first question is whether mobility is greater in some occupations and in some industries than in others. It will be recalled that tables 2 and 3 reveal, on the basis of ABS Labour Mobility Survey data, that there are evident differences in mobility patterns among occupations and industries. While sales workers and machinery operators and drivers are the most likely to move from one employer to another, and managers the least likely, differences among occupations are, with the exceptions of managers, relatively small. Nevertheless, if we look at movements between occupations rather than at movements between employers, differences between occupational groups become much greater. Sales workers are four times more likely to change their occupation than are those working as professionals; labourers are twice as likely to change their occupation within a 12-month period as are technicians and tradespersons. As will be shown below, this pattern can be related to the extent to which people possess post-school qualifications.

However, the apparent strength of the link between occupation, industry and mobility patterns is not nearly as strong when the effect of other characteristics of jobs is taken into account. When other factors are taken into account quite a strong industry effect remains, but its scale is much reduced, with the predicted probability of job changing between the highest (accommodation, cafes etc.) and lowest (education) industries being only twice as high rather than nearly four times as high. However, when other factors are taken into account the apparent impact of occupations is, on the basis of Watson's (2011) analysis of Household Income and Labour Dynamics in Australia Survey data, quite weak, with very minimal differences between categories in the predicted probability of job changing. Rather than people's occupational category per se, what seem to be the more important relationships are those between mobility and the nature of the labour contract, the nature of the employing firm or enterprise, and the link between the worker and the enterprise.¹⁴ The 2008 ABS Labour Mobility Survey shows job changing to be nearly twice as high among those without paid leave entitlements (19%) as among those with an entitlement to paid leave (11%). Watson's (2011) analysis shows a strong effect for employment status, with mobility being significantly higher among those on casual contracts. It is also somewhat higher among those who would prefer to work more hours (although the impact of working on a full-time or part-time basis per se is not very strong). There is also quite a strong effect of organisational size, with mobility being much lower among those working in large (500 plus employees) organisations than in those working for small firms (fewer than 20 employees). This is likely to be due to the wider opportunities for career variety and career progression available in larger organisations, reducing the incentive for workers to seek variety and progression through changing employers.

Findings such as these are common in the literature. In Norway, Kalleberg and Mastekaasa (1998) show that voluntary mobility is lower in larger private organisations and attribute this to higher unionisation rates (although Watson finds the impact of union membership to be relatively low once organisation size is taken into account), and that involuntary mobility is also lower in larger firms. Watson (2011) finds that the impact of earnings upon mobility is not very strong.¹⁵ However, other forms of organisational commitment to the employee do emerge as significant determinants of mobility in the research literature. Pension benefit schemes that tie the employee to the firm are significant: in the United States Friedberg, Owyang and Sinclair (2006) show that defined benefit pensions reduce workers' propensity to quit to find another job; Rabe (2007) comes to a similar conclusion about the impact of occupational pensions in Germany. And in the United States there is fairly long-standing evidence that employer-provided health insurance reduces labour mobility and increases job tenure: see Madrian (1993) and Bansak and Raphael (2008). Finally, in an interesting Swedish study, Byrgen (2004) shows that migrants are less likely to leave their jobs if the organisations that they are working for contain a high proportion of migrant workers than if they contain few. Social relations within the organisation count, it would seem.

Mobility, tenure and the characteristics of workers

Labour mobility patterns can also be related to people's personal characteristics and life circumstances. First, changing jobs is overwhelmingly a feature of the young, and falls sharply as people get older. This is evident from the raw data (figure 5). It remains a strong influence after other factors are taken into account (Watson 2011) and is consistent with patterns in other countries (OECD 1997; Macaulay 2003; Moscarini & Vella 2008).

The strong inverse link between age and mobility is likely to be a function both of propensity and of opportunity. After they leave education and enter the labour market, many people take some time before they find out what they really like and are good at. Sometimes a change of job is the best way of finding this out. And even when they do work this out, not everyone is able to quickly find a job that satisfies their interests and skills. This phenomenon of early career matching is well known both in the career development literature and among labour market analysts (Topel & Ward 1992; Neal 1998; Gangl 2000; Athanasou 2002). The phenomenon of early career matching could help to explain Watson's (2011) finding, supported by earlier evidence from the United States (Farber 1993), that mobility tends to be higher among those with a prior history of unemployment and among those who have had relatively long periods out of the labour force.¹⁶

¹⁴ The role of occupations in mobility will be discussed further when the relationship between education and training, qualifications and skills is analysed.

¹⁵ Unadjusted UK data (Macaulay 2003) do show some link between higher pay and lower mobility. In the United States Hammida (2004) finds that mobility falls as wages rise.

¹⁶ It might be thought on the basis of the latter finding that gender is a significant factor. However, Watson's study does not suggest that this is the case, and mobility indicators in the ABS bi-annual labour mobility survey also show very minimal relationships to gender. Tenure indicators consistently show short tenure periods to be more common for females, but this is likely to be a function of forms of labour market dynamics other than mobility between jobs.



Figure 5 Change of employer/business in the previous 12 months and age (2008)¹

Note: 1 The reference population is those with their employer or business for fewer than 12 months and who worked at some time during the year.
 Source: ABS Labour mobility Australia, cat.no.6209.0 (2008).

The bi-annual ABS labour mobility survey shows job changing to be more common among the unmarried than the married (14% compared with 9%), and among non-family members than among family members (13% compared with 10%). A number of overseas studies suggest that family circumstances—being married, having children, buying a home—can reduce mobility (Macaulay 2003; Moscarini & Vella 2008), but factors such as these emerged as relatively weak in their impact in Watson's (2011) analysis. Nevertheless, when those changing their location are asked why they moved, Household Income and Labour Dynamics in Australia Survey respondents are much more likely to cite housing-related and family-related reasons than job-related reasons. The OECD (2005) summarises a number of studies demonstrating that home ownership reduces people's mobility and suggests that this is a result of higher transaction costs and the risk of capital losses.

An obvious way to find out why people change jobs is to ask them. The HILDA survey does this, and reveals a simple but intuitively sensible answer: by far the most important reasons are that people are dissatisfied with their job and want a better one. Watson (2011) finds that between 2002 and 2008, both retrenchment and leaving because the job was temporary declined as reasons for changing jobs, and leaving to find a better job rose in prominence. This reflects ABS data on the declining frequency of involuntary separations.

Perhaps one of the most interesting relationships between personal characteristics and labour mobility, rarely explored by labour economists although commonly by career development researchers, is the link to personality factors. The Household Income and Labour Dynamics in Australia Survey contains measures of extroversion, agreeableness, conscientiousness, emotional stability and openness to experience. Watson (2011) finds a relatively strong link between extroversion and the propensity to change jobs, with weaker links between job changing and agreeableness and openness to experience, although the latter two are stronger for females than for males. For the other two scales, relationships were in opposite directions for males and females but generally quite weak. Belgian research using the same personality measures (Wille, De Fruyt & Feys 2010) finds agreeableness and openness to be significantly associated with internal and external job changing. Otto, Dette-Hagenmeyer and Dalbert (2010) found that tenure is correlated with high work satisfaction, strong occupational commitment and few work-related worries (reflecting previously referred to findings on satisfaction) but that mobility is correlated with tolerance for uncertainty and with self-efficacy.

The link between personality and mobility is related to the link between mobility on the one hand and the match between personality and the work environment on the other. While there are arguments in the literature about the best way to measure person–environment congruence, there seems to be reasonable agreement that, where a person's personality is at odds with the type of work environment they find themselves in, they are more likely to change jobs (Spokane, Meir & Catalano 2000; Tinsley 2000; Donohue 2006; Hoffman & Woehr 2006). In support of an association between mobility and a match between personal qualities and job environments, McGuiness and Wooden (2009) show that overskilled workers leave their jobs more frequently than other workers.

Interventions that help to improve the fit between the person and the working environment can help to increase tenure. Evaluations of career development services show that they can have a positive impact upon the types of attitudes and behaviours that are likely to improve the fit: confidence about future options; increased job search and interview skills; career exploration skills; knowledge of employment opportunities; and self-awareness (OECD 2004b; Career Industry Council of Australia 2007; Bezanson 2008). In addition, there is evidence that specific interventions can help to improve job tenure among vulnerable groups. Polidano and Mavromaras (2010) show that, while people with disabilities find it harder to retain employment, completing a vocational education and training qualification strongly improves their chances of keeping a job. Mueser, Becker and Wolfe (2001) show that helping the mentally ill to get jobs that match their preferences raises their job satisfaction and increases their tenure. Similarly, Shankar (2005) shows that providing employment support assists job retention among people with psychiatric disabilities.

	Changed employer or business in the last 12 months (%)		
Level of highest non-school qualification	Males	Females	Persons
With a non-school qualification	11.2	11.1	11.2
Postgraduate degree	9.5	10.8	10.1
Graduate diploma/graduate certificate	8.7	6.9	7.6
Bachelor degree	12.1	11.9	12.0
Advanced diploma/diploma	10.1	8.9	9.4
Certificate III/IV	11.6	13.8	12.3
Certificate I/II	9.8	10.2	10.0
Certificate not further defined	14.3	11.9	13.2
Level not determined	9.3	10.0	9.6
Without a non-school qualification	10.6	9.2	10.0
Total	11.0	10.3	10.7

Table 4 Mobility and post-school qualifications, 2008¹

Note: 1 The reference population is persons who worked at some time during the year.

Source: ABS Labour mobility Australia, cat.no.6209.0 (2008).

The relationship between mobility and workers' education and training is the final issue examined in this section. There are some suggestions in the international literature that low levels of education are linked to higher mobility and that higher education levels hinder mobility, but the findings are not uncontested and can be contradictory. For example, Macaulay (2003) argues that UK data show that those with no qualifications are the least mobile, Martin and Bowers (2000) argue that job instability is more pronounced among the least educated workers than among the more highly educated, and Machin, Pelkonen and Salvanes (2008) claim that the general evidence that low education hinders mobility is limited. ABS survey data, summarised in table 4, show little in the way of a strong and consistent relationship between mobility and the possession of postschool qualifications. When other factors are taken into account Watson (2011) finds no strong relationship between mobility and the possession of a university qualification, a vocational qualification, the completion of Year 12, or the completion of only Year 11 or below. And yet in contrast to the picture on the link between educational qualifications and mobility that emerges from table 4 and Watson's (2011) analysis, the data on mobility between occupations in table 2 do seem to suggest a strong inverse relationship between qualifications and at least one form of mobility: it shows that changing occupations is far less common among professionals, technicians and tradespersons than among labourers and sales workers, whose levels of post-school qualifications are much lower.¹⁷

A link between low occupational mobility and the possession of post-school qualifications can be demonstrated relatively simply by relating the overall post-school qualifications level of occupations to occupational mobility rates. Figure 6 shows the proportion of workers by occupational category who changed occupation between 2007 and 2008, plotted against a simple weighted index of the proportion of workers in each major occupation group with a post-school qualification in 2007.¹⁸ It shows that a change of occupation associated with a change of jobs is least common among professionals and among technicians and trades workers, the groups who have the highest level of post-school qualifications, and most common among occupational groups such as sales workers and labourers, who have the lowest level.



Figure 6 Occupation-to-occupation mobility and post-school qualifications, 2007–08

It seems, then, that although level of education and the possession of post-school qualifications are not strongly related to whether or not people change their jobs, having a post-school qualification has a strong negative impact upon occupation-to-occupation changes. Figure 7 reinforces the suggestion that occupational qualifications can act as a barrier to some forms of mobility. By occupational group, figure 7 shows the proportion of those who changed employer or business during the year to February 2008 who also changed industry (with industry measured at the ANZSIC major division level). It shows that professionals and technicians and trades workers are not only, as shown above, relatively immobile across occupations, they are also the least mobile from industry to industry of all major occupational groups.

Sources: ABS Labour mobility Australia, cat.no.6209.0 (2007, 2008); Education and work Australia, cat.no.6227.0 (2007, 2008).

¹⁷ With the exception of some regulated professions and the skilled trades the match between occupation and qualification does not seem to be particularly strong in Australia at either the graduate or intermediate level (Fisher 1983; Karmel, Mlotkowski & Awodeyi 2008).

¹⁸ The index gives a weight of two to the proportion of workers with a tertiary qualification, a weight of one to the proportion with a certificate qualification, and a weight of zero to the proportion with no qualification. It would have a maximum value of two if all workers in the occupational group had a tertiary qualification and zero if none had any post-school qualification.

One explanation for the inverse relationship between post-school qualifications and mobility across occupations and industries (if not across employers) might be that workers with post-school qualifications are likely to have more interesting jobs with better working conditions (higher pay, greater security), and to be employed in larger organisations that provide greater opportunities for internal career progression. Hence their incentives to make significant occupational changes are reduced. Another possibility is that the answer lies in occupational identity: the notion that workers, because of the nature of their training, principally identify themselves with their occupation, and perhaps also their industry, rather than with the enterprise, for example, seeing themselves foremost as electricians, and then as construction industry workers. The notion of the craft has a strong tradition in Australian vocational training (Hatton & Chapman 1989), and the concept of polyvalence, or multiskilling across occupational boundaries, does not enjoy the prominence here that it does, for example, in France's vocational education and training system (Le Deist 2009).

Watson's (2011) analysis tends to support this interpretation: he finds that the longer occupational tenure persists, the more likely it is that a change will only be in the job, while a simultaneous change in occupation and industry becomes much less likely. It was suggested in the previous chapter that changing one's employer but not one's industry or occupation should be easier than changing both employer and industry, and that this in turn should be an easier adjustment than changing both employer and occupation.





Source: Labour mobility Australia, cat.no.6209.0 (2008).

Watson's (2011) analysis supports this apparent ordering of the relative ease of different types of mobility: he found that around a quarter of all job changes involve only a change of job, around a fifth a change of job and industry, and only around 10% a change of job and occupation. However, intriguingly—and in apparent contradiction to what might be expected from the notion of occupational identity—he finds that changes of job, industry and occupation at the same time are slightly more frequent than changes of job alone. He does, however, find that these types of joint job/industry/occupation changes are least likely among professionals, skilled blue-collar workers and clerical workers; this helps to reinforce the suggestion that specific occupational qualifications can act as a barrier to some types of mobility. He also points out that the highest probability of this type of mobility pattern occurs in the services sector, and is lower in industries such as health and finance and insurance. Finally, he shows that among employees who change jobs after the age of 60, there is a large increase in the probability of a considerable change in circumstances, changing both occupation and industry.

What difference does it make if workers change their jobs?

Mobility, productivity, skills and happiness

Is labour mobility a good idea in theory? Some economists seem to suggest that the answer is yesand also no. On the one hand, easy and rapid mobility of labour, as well as capital, in response to new patterns of consumer demand, new product markets and new technologies is one of the basic ways in which economies avoid rigidity, promote flexibility, and maintain dynamism and growth (see for example OECD 1994). For this sort of reason many economists generally favour mobility, seeing the economic turbulence that it represents as a version of Schumpeter's notion of creative destruction. However, at the level of the firm, they can also argue, and at the same time, that it is not an unalloyed blessing. For example, Martin and Bowers (2000) put the former argument, but also argue that 'excessively high' turnover can increase firms' costs through the need for repeated expenditure on recruitment and induction, and that it might lower productivity by deterring firms from investing in the longer-term development of their employees' skills. Similarly Freeman (1980) argues that higher tenure reduces firms' costs and raises their productivity through enhanced employee commitment and through the increasing development of firm-specific skills that longer tenure makes possible. It seems difficult conceptually to argue that, on balance, either mobility or tenure is good for firms. For those firms with shortages of labour, mobility is a good thing if it results in their gaining the labour that they need, but not if it results in their losing workers they would prefer to keep. And mobility is unlikely to be a universal benefit to firms if it is the result of some firms benefiting from other firms' investments in training by poaching skilled labour. And while tenure might encourage firms to invest in workers' skills through training them, it is not evident that the reverse is the case: that training encourages workers to stay longer in their jobs. Watson (2011) finds no significant relationship between workers receiving training and their rate of mobility. The OECD (2004c) points out that, when averaged over 13 European countries for which data are available, workers who receive training from their employers tend to quit more often.

Another way of looking at the productivity consequences of mobility is to take the perspective of the individual. Conceptually this is no simpler than analysis at the level of the enterprise. There can be no general answer: it very much depends upon the type of mobility and upon individual circumstances. For example, if someone is happy with their job, involuntary mobility is unlikely to be a good idea. However, if they do not like their job, voluntary mobility is more likely to be a good move. Evidence on the consequences of changing jobs is much more readily available at the individual level than at the level of the enterprise. Both ABS surveys and the Household Income and Labour Dynamics in Australia survey allow a number of outcomes for individuals to be analysed: income, skills and happiness.

Given the importance in economic theory of the wage as a signal of productivity, one way that the productivity consequences of changing jobs could be tested would be to look at the relationship between tenure, mobility and wages. It certainly seems that tenure is linked to higher wages: workers earning high wages exhibit high tenure and change jobs less frequently compared with workers earning low wages (Lichtenberg 1981; Hammida 2004). This is typically explained through the higher firm-specific skills and thus productivity of workers with longer tenure. On the other hand, it might be expected that, if mobility was good for productivity, workers who change jobs should, on average, get paid more. However, the evidence for this seems to be equivocal. The OECD (1997) summarises a number of studies showing that significant short-term costs are

associated with workers being displaced from their jobs, with these persisting over time for some groups, suggesting that the difference between involuntary mobility (layoffs) and voluntary mobility (quits) is an important consideration. Other studies such as Friedberg, Owyang and Sinclair (2006) show gains in relative wages associated with job-to-job moving; Bachmann, Bauer and David (2010) show that those who enter the labour market on low wages are more likely to change jobs, and they suggest that over time mobility helps to increase the wages of job changers by reducing wage differentials. However, Watson's (2011) analysis of Australian data from the Household Income and Labour Dynamics in Australia Survey, which largely excludes new labour market entrants, demonstrates that on average there are no significant wage gains associated with job mobility and that job changers on average fare no better in material terms than those who do not change jobs.



Figure 8 Occupational mobility and qualification levels, 2007–08

2008 2007

Source: ABS Labour mobility Australia, cat.no.6209.0 (2007, 2008).

The benefits or otherwise of job-changing can also be judged by whether it results in a better match between jobs and people's skills and interests, and whether changing jobs leads to people making a better use of their skills. Ryan (1999), for example, argues that one of the productivity problems of the Japanese model of jobs for life is that it jams too many square pegs into round holes at an early age and greatly reduces the early career mobility that improves the match between the individual and the job.

The evidence on the skill and competence outcomes of mobility seems very positive. For those workers who changed occupation between 2007 and 2008, figure 8 shows the average qualifications level of the occupation that they held in 2007 and of the occupation that they held in 2008.¹⁹ It shows that, with the exception of professionals, occupational changes are generally up the qualifications ladder (which might be taken as a proxy for the competence or skill ladder), and are particularly so at the lower end of the qualifications ladder.²⁰ This suggests, although it is not conclusive, that occupational mobility (which, it needs to be kept in mind, is only one form of mobility) tends to result in workers moving into more skilled occupations and thus to raised competence levels.

¹⁹ The index used in figure 8 is a weighted sum of the proportions of workers in each occupational category holding tertiary qualifications, intermediate-level qualifications, and no qualifications. It is identical to the index used in figure 5.

²⁰ Watson (2011) comes to a similar conclusion about the occupational status consequences of mobility for professionals, but also for managers.

A more convincing test is provided by Watson (2011). He shows that changing jobs, while not resulting in improved earnings, leads to gains in job satisfaction that are 'highly significant *and* of substantive magnitude'. Given that dissatisfaction with one's job is a principal cause of mobility, this is a positive and encouraging result. An even more positive and encouraging outcome is his finding that people who change jobs both manage to make greater use of the skills they have, and report that they learn new skills. In short, changing jobs seems to result on balance in a net addition to human happiness and competence, even if not in greater wealth.

It is important to emphasise that 'on balance' hides losers among the winners, and that these losers do not appear to be randomly distributed. McGuiness and Wooden (2009) find that people who are overskilled and quit their jobs generally are not re-employed in jobs where their skills are better used. And it seems fairly clear that people who are sacked or otherwise leave their jobs involuntarily do not benefit to the same extent as those who make a choice to change jobs (OECD 1997; Felmingham & McDonald 1999; Park & Sandefur 2003). This suggests that it is better to quit before being sacked if redundancy seems imminent. It also indicates that the decline in involuntary mobility in recent years is on balance a good outcome for workers. Watson (2011) also finds that mobility results in losers as well as winners. Indigenous job changers and early school leavers on balance get a greater number of worse jobs than better jobs after they change, but those with university qualifications do very well from job changing. Nevertheless, he points out that most people who change jobs end up with much the same sort of job that they had before changing.

What difference does it make when workers move interstate?

The importance of workers moving interstate to fill jobs in large mining and construction projects has recently become a prominent issue. Watson's (2011) analysis of Household Income and Labour Dynamics in Australia survey data shows that most workers who change their jobs do not move very far, but remain in the same geographical area. He also shows that, where workers do move large distances when they change jobs, job changing is rarely the major reason for the move. Personal and family considerations are more important.

	As a percentage of the working-age population:		
	Average net migration into high-employment rate regions	Average net migration into low-employment rate regions	
Australia	0.43	-0.28	
Canada	0.20	-0.14	
United States	0.28	-0.32	

Table 5 Internal migration net flows by regional labour market performance, 1998–2003

Source: OECD (2005, table 2.4).

Nevertheless, in an international context internal (between states and territories) labour migration rates in Australia are quite high, with average rates of flow into high-employment regions being exceeded only by the Netherlands during 1998–2003 (OECD 2005). When data on net migration between the Australian states and territories are compared with data for the Canadian provinces and the states of the United States, internal labour mobility in Australia seems to be quite high, and in directions that promote labour market adjustment and flexibility (table 5).²¹

When workers do move from one Australian state to another, what difference does it make to their job prospects? In the 12 months to February 2004, the most recent year for which we have these types of data, close to 290 000 people who had worked at some stage during the year moved to another state or territory. Table 6 suggests that, on balance, many of those with a job before they

²¹ Data for other OECD countries is at a lower geographical level than the state or territory (Australia), province (Canada) or state (United States), and thus cannot directly be compared.

moved might have been better off if they had not moved. Of those working in February 2003 who moved state or territory, 24%, or almost one in four, were not working in February 2004. Of course some of those who did not move interstate also lost employment in the same period. However, the fall in employment among interstate movers was substantially greater than among those who stayed put: the employment rate of the latter group fell by only 6%. This relatively larger fall in employment among those who move interstate is not a one-off phenomenon in a single survey, but can be observed over quite a long period: it was essentially of the same order of magnitude in each of the six ABS labour mobility surveys between 1994 and 2004, as was the much smaller fall in employment among those who did not move interstate. Nevertheless, while proportionally the gains for those without work were smaller than the losses for those with work, the absolute fall in employment of around 51 000 among those employed prior to moving was more than balanced by a gain of around 65 000 jobs between 2003 and 2004 among those not working prior to the move.

	Changed state or territory		Did not change state or territory	
February 2004:	Working February 2003	Not working February 2003	Working February 2003	Not working February 2003
Working	160.5 (76%)	64.6 (86%)	8325.4 (94%)	809.5 (80%)
Not working	51.2 (24%)	10.8 (14%)	534.7 (16%)	202.8 (20%)
Total	211.7 (100%)	75.4 (100%)	8860.1 (100%)	1012.3 (100%)

			1
Table 6	Change of location and employment status,	2003–04 ('000)'

Note: 1 Persons who worked at some time during the year ending February 2004. Source: ABS *Labour mobility Australia*, cat.no.6209.0 (2003, 2004).

Why employed job changers should have reduced employment rates after moving interstate is not completely clear. A tempting explanation is that it is a function of the well-known link between effective job search and the use of personal networks and contacts rather than formal sources such as employment agencies (Silliker 1993; Granovetter 1995). After moving, those who go interstate can be presumed to have fewer personal contacts and access to fewer networks that can help them find work than they had before the move.

However, if this was the explanation it would be expected that those not working prior to an interstate move would also not gain an advantage from the move, but this does not seem to be the case. While staying put seems a better bet than moving interstate for those who already have a job, for those without work who move, the change does seem to confer some advantage: only 14% of those not working in February 2003 who moved interstate were not working in February 2004; among those who stayed put, and who could be presumed to have better access to useful contacts and networks, 20% were not working.

While those who move interstate experience some reduction in their employment rates, figure 9 shows that the extent of the reduction depends upon where they move to. Those who have a job before moving interstate have better chances of finding work when they move to states or territories where unemployment is relatively low such as the Australian Capital Territory and the Northern Territory than they do when they move to parts of the country such as South Australia and Tasmania where employment is less plentiful.²²

²² Estimates of differences between states and territories in the proportion of those not working prior to moving interstate who subsequently find work cannot be made reliably for most states and territories owing the high relative standard errors of estimates of the numbers of interstate movers unemployed and not in the labour force.





Source: ABS Labour mobility Australia, cat.no.6209.0 (2004).

Labour mobility, job tenure and public policy

The Australian labour force is highly flexible. While the measures might not be perfect, workers seem more likely to change jobs than in almost all other OECD countries. Around 10% or more change their job each year, and of this number perhaps three in four change their industry, their occupation or both. Around twice this number experiences significant change to the nature of their work but do not change jobs. Perhaps another 3% to 5% (although the recent data are not very good) make a significant locality change in association with their work, a rate that seems to be somewhat above that observed in Canada or the United States. Taken together, these figures do not suggest that Australia has a significant labour mobility problem.

Mostly, people change jobs because they don't like the job they have (although perhaps one in three of those who change have to leave their job involuntarily). Most people who leave their job do so when they are under the age of 35, and they are more likely to make the change if they do not have houses, mortgages and family commitments. Job changing is also more likely if people are on casual contracts or if they work for small enterprises that offer fewer prospects for career variety and career development. Organisational commitment to the person seems to matter, as well as personal commitment to the organisation. Although education and training per se do not seem to be strongly related to mobility, when people who have post-school qualifications change their job, they seem to be much less likely to change their industry or their occupation and more likely just to change their job than are people without post-school qualifications. The overall state and nature of the labour market also seems to influence mobility, but the impact of these factors in Australia should not be exaggerated above other factors. Changing jobs doesn't appear to have a major impact upon people's earnings, but it does seem that it increases happiness, skill development and skill use.

What does all of this mean for policy? An obvious first point is that it is hard to see any consistent attitude towards the desirability or otherwise of either tenure or mobility across a number of areas of Australian public policy. Some pull in one direction, some in the other, whether by intent or not. Some influence some forms of mobility, but leave others largely unaffected. Some policies appear to encourage mobility. For example:

- Education and training policies in Australia have traditionally favoured broad-based portable qualifications in order to ensure that workers are not narrowly locked into single enterprises. This is both in the interests of overall economic flexibility and to protect the interests of individual workers.
- Substantial efforts over a 20-year period to create a national qualifications system and to reduce differences between the states and territories in occupational licensing requirements have largely been intended to ensure that barriers to interstate mobility of skilled labour are minimised.
- ♦ When retirement benefits are portable, as is generally the case now in Australia, mobility will be encouraged.
- An enterprise-level rather than industry-wide wage-fixation system is likely to encourage rather than discourage labour to be flexible between firms by encouraging wages to adjust to variation in demand.

On the other hand, some public policies are likely to act in the opposite direction, encouraging tenure rather than mobility:

- ♦ Policies that encourage people to have families and to own their homes will reduce mobility: the risk-taking associated with employment change is likely to be reduced among those with mortgages and family responsibilities, particularly given that evidence on the link between wage growth and tenure is strong but that evidence on the link between wages and mobility seems much weaker.
- Paid parental leave is likely to increase rather than reduce average tenure by discouraging women from leaving paid work for child rearing.
- ♦ Policies to discourage unfair dismissals are likely to increase tenure both by increasing the care with which employers recruit labour, thus increasing the fit between the individual and the organisation, and by making it harder for workers to be fired after an initial employment period.
- ♦ Occupational licensing will limit the possibilities for occupational and perhaps industry mobility, even if not inter-firm mobility.
- Policies to improve the quality and availability of career development services, as can be seen in a number of federal government initiatives for youth in recent years, are likely to help reduce early career mobility by improving the fit between the individual and the organisation.

A next question is what public policy either can do or should try to do to influence labour mobility and job tenure. A general answer seems to be that public policy should be quite cautious about trying to influence labour mobility and job tenure, and about the likely consequences of doing so. This is for several reasons. First, the major factors that influence tenure and mobility are not readily open to direct policy intervention. Age, job satisfaction, the average size of enterprises, and personal and family circumstances and responsibilities are examples. Interstate mobility seems another, given that this is more commonly undertaken for personal and family reasons than for jobrelated reasons.

Where the factors that influence mobility are open to policy influence, as in the case of home ownership and parental leave policies, interventions taken for one purpose may have unintended consequences in other policy domains. Or the interventions may be achievable but not desirable. For example, it would be a brave government that took deliberate steps to reduce job satisfaction or weaken enterprises' commitment to their workers simply in order to weaken tenure and increase mobility. Another reason is that it is difficult to identify the common interests either of enterprises or of individuals, whether in mobility or in tenure. Some enterprises benefit from mobility; others are losers when workers change jobs. And enterprises' interests in one or the other will change over time and at times quite rapidly. Skill shortages that lead firms or industries to call for a more mobile labour force can quickly evaporate, or may result in labour poaching that leads to increased costs for the firms that lose labour. Some workers benefit when they change jobs, other benefit when they stay where they are.

This means that policy interventions that are designed to influence mobility or tenure need to be targeted very carefully. If they are to be made, they need to be targeted and designed particularly carefully to take into account the different types of labour mobility. Influencing people's willingness to change employers may do nothing about their willingness to cross industry or occupational boundaries, or to move from one state or territory to another. Taking all of this into account, the most sensible assumptions for policy are that rigidities that reduce the dynamism of the labour market should be avoided, and that policies that maximise individual happiness and skill development should be promoted. Over and above this, firms and individuals should be left to sort things out for themselves. This type of conclusion does suggest that it makes a great deal of sense for governments to focus upon policies to improve people's career development and thus their job satisfaction, whether this is done through job changing or job tenure. Such policy stances are likely to benefit both individuals and enterprises.

Suggestions for further research

The preceding analysis suggests three potentially useful avenues for further work:

- ♦ Given that evidence on the costs and benefits for Australian firms of labour mobility and job tenure seems less robust than evidence on the costs and benefits for individuals, more detailed work at the level of the firm is indicated. This could be in the form of survey-based research, employer and employee focus groups, and interviews with key industry stakeholders. Ideally it would examine the firm-level costs and benefits of mobility and tenure in different industries and for firms of different size and market position. It might be interesting in such work to examine the perspectives and roles of personnel consultants and recruitment specialists in facilitating or otherwise both mobility and retention.
- ☆ The relative occupational and industry immobility of those with post-school qualifications is an intriguing finding that deserves further work. Relevant issues include the role of occupational qualifications in promoting occupational identity, the role in limiting mobility of occupational regulation in the trades and the professions, and the impact upon different types of mobility of curriculum breadth and of multiskilling across occupational boundaries. A comparative analysis of the ways in which curriculum breadth, generic skills and general education are built into apprenticeships in Australia and countries such as Norway and Denmark could be an interesting part of the work, as could the possibilities for incorporating skills built around broad occupational families into pre-apprenticeship programs.²³
- ♦ The OECD (OECD 2002; OECD 2004b; OECD & European Commission 2004) has pointed out that career development services for employed adults are underdeveloped in nearly all OECD countries, including Australia, and yet should play an important role in assisting labour market effectiveness. Public effort has tended to limit services for adults to the unemployed and those on the margins of the labour market. Little research has been conducted on the nature, quality, availability and effectiveness of career development services for employed adults in Australia: what research has been conducted in this area has tended to focus upon adults who are at risk and disengaged from the labour market (see for example Beddie, Lorey & Pamphilon 2005). Research is suggested to examine the size, character, and effectiveness of the Australian market for career development services for employed adults, barriers to access and to its growth, and its role in influencing skill use and development, labour mobility and job tenure, both within and between enterprises. The work should provide recommendations on steps that governments could take to stimulate and improve the effectiveness of the market. As with the work that has been suggested on firm-level costs and the benefits of mobility and tenure, the role of personnel consultants and recruitment specialists should be included. It would also be useful to include a comparative perspective on how governments in other countries attempt either to provide or stimulate career development services for employed adults, and how these are related to overall policies and programs to influence labour mobility and job tenure.

²³ In both Denmark and Norway pre-employment or pre-apprenticeship programs are more extensive than in Australia, and the curriculum typically is based upon an initial focus upon broad occupational families rather than specific occupations, and general education, generic skills and personal development play a stronger role in the curriculum (Sweet 2010).

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