

Downward occupational mobility and subjective well-being: When does it hurt less?

RESEARCH BRIEF 4

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- This study examines the impact of downward occupational mobility on job satisfaction and the context under which it causes less well-being damage.
- Drawing on eighteen years of longitudinal data provided by the British Household Panel Survey, our analysis shows that downward occupational mobility has enduring negative effects on post-turnover job satisfaction trajectory.
- However, the effect of downward occupational mobility on job satisfaction is moderated by individuals' career trajectories and the conditions of their local labour market.
- When downward occupational mobility is preceded by a spell of unemployment, it does not reduce job satisfaction. By contrast, individuals suffer a significant loss of job satisfaction when they directly transition from higher skilled occupations into lower skilled occupations.
- The effect of downward occupational mobility varies across regions. While downward mobility has no significant effect on job satisfaction in regions with high unemployment rates, it reduces job satisfaction in regions with low unemployment rates.
- This study highlights the relative nature of individuals' subjective well-being functions. It appears that no life event is simply 'good' or 'bad', as self- and social comparisons feature prominently in how people judge their lives.

Downward occupational mobility, defined by moving from a higher to lower-skilled occupation, is a relatively common life event which can be triggered by a wide range of factors such as economic recession, organizational restructuring, displacement of jobs by computerized technologies and physical illnesses and disabilities. Downward career mobility often threatens an individual's confidence, pride and sense of self-worth, which makes it particularly difficult to adjust to compared to other types of job change. This study investigates the individual and contextual factors that moderate the negative impact of downward occupational mobility on job satisfaction. Diverging from previous research which assumes downward mobility is depressing for all, in this study we argue that the well-being impact of downward occupational mobility depends on how individuals evaluate such career transitions in the context of their career history and labour market environment.

Downward occupational mobility and job satisfaction

Downward occupational mobility is a generally under-explored subject in careers research. In contrast to the large amount of research devoted to the impact of unemployment on physical and mental health, few studies have explored how employees are affected by downward career moves. Downward mobility can adversely affect individuals' well-being because it carries both pecuniary and non-pecuniary penalties. First, such career moves are often accompanied by a decrease of income, as low-skilled occupations generally pay lower wages than highly-skilled occupations. Besides the financial impact, downward mobility can also threaten intrinsic job quality as research shows that employees in higher occupational classes enjoy higher levels of task variety, job autonomy, skill development opportunities and participation in organizational decisions. From a psychological perspective, people are averse to downward career mobility because of their inherent tendency to avoid losses. Prospect theory suggests that individuals evaluate their life circumstances in terms of gains and losses, and losses generally loom larger than gains. The phenomenon of loss aversion has been observed in a wide range of life events. For instance, in contrast to the relatively transitory surge of happiness generated by pleasant life events such as marriage and childbirth, negative life events such as unemployment, demotion and paralyzing accidents have more scathing and persistent effects on subjective well-being.

The moderating role of self-comparison and social comparison

Although downward mobility is expected to decrease subjective well-being, the magnitude of the effect may differ across individuals depending on how they perceive such events in the context of their career history and social environment. Subjective well-being is not only affected by objective life circumstances but more crucially by how one evaluates these circumstances in relation to a meaningful reference point. People often engage in two types of comparison: comparison with their own past and comparison with other people. The implications of downward occupational mobility for subjective well-being are likely to depend on the outcomes of these comparisons.

Individuals constantly look to their past when making sense of their life circumstances. The same situation can be interpreted very differently by people with different past experiences. For instance, research shows that individuals' satisfaction with their financial situation is significantly influenced by their previous experience of material deprivation. At any given level of income, people who have experienced falling income in the past are considerably less happy than those whose have reported constant or rising income. In general, good fortunes experienced in the past reduce individuals' satisfaction with what they currently possess by setting a higher comparison standard, whereas adversity experienced in the past has the opposite effect by making the present look better in relative terms.

Besides comparing with one's own past experiences, individuals also compare themselves with others. Social comparison theory suggests that individuals compare with others when evaluating their own abilities, opinions and life circumstances. When someone is better off than others, (s)he tends to experience higher levels of subjective well-being. For instance, Clark and Oswald (1996) found that job satisfaction rose with one's own income but fell when the income of one's peer group increases. Using American housing data, Bellet (2017) found that individuals' satisfaction with their house was positively associated with the size of their own house but negatively associated with the size of new properties built in their area. The effect of social comparison has also been found in employment status. Jackson and Warr (1987) found that unemployed people in the Northeast of England Merseyside (known as the 'unemployment blackspots') reported better mental health than their counterparts in regions with lower unemployment rates, despite the former's greater material deprivation and higher mortality rates.

In this study, we argue that self-comparison and social comparison influence how people react to downward occupational mobility. From a self-comparison perspective, downward mobility should have less negative effects on job satisfaction when it is preceded by an even worse experience, such as a spell of unemployment. Compared to unemployment, landing a job (even at a lower level of the occupational ladder) represents a significant improvement. By contrast, those who move down the occupational ladder without the disruption of unemployment will be less satisfied with their new job because the previous (and better) job serves as a natural benchmark to evaluate the current (and worse) job. From a social comparison perspective, we expect that downward mobility will hurt less when the fate is shared with others socially or geographically close to them. For those who live in economic prosperous areas, steady employment in paid work and career progression are likely to be seen as the norm. When downward mobility occurs, it is more difficult to attribute such events to macro-economic factors that are beyond individuals' personal control. These circumstances contrast with those who experience downward mobility in areas where unemployment is higher and opportunities for upward career mobility are more limited. Under this social context, downward mobility will have weaker effects on subjective well-being because it is more likely to be seen as a result of the malfunctioning of the economy instead of a signal of personal failure.

Results

Applying fixed effect modelling to the British Household Panel Survey which followed 10,000 individuals annually for eighteen years, we find that downward occupational mobility has negative and enduring effects on post-turnover job satisfaction trajectory. However, as expected, this effect is moderated by an individual's career trajectory and the conditions of local labour market. When downward occupational mobility is followed by an episode of unemployment, it has no significant effect on post-turnover job satisfaction trajectory. In contrast, individuals suffer a significant and enduring loss of job satisfaction when they directly transition from higher skilled occupations into lower skilled occupations (Table 1). Our second main finding is the variations in the effect of downward occupational mobility on job satisfaction in regions with different levels of unemployment rate. Comparing eight UK regions with the lowest and highest unemployment rates, we find that individuals react to downward occupational mobility more negatively in the former than in the latter. While downward mobility has no significant effect on post-turnover job satisfaction trajectory in high unemployment regions, it has significant and negative effect on job satisfaction in low unemployment regions in two of the four follow-up years, with the magnitude of the coefficients indicating a worsening trend (Table 2).

Table 1 Fixed effect regressions of downward occupational mobility on job satisfaction trajectory with and without prior unemployment experience

	With prior unemployment	Without prior unemployment
t	0.10 (0.08)	-0.03** (0.02)
t+1	0.06 (0.12)	-0.07*** (0.03)
t+2	0.05 (0.16)	-0.07** (0.03)

Control variables: age, education level, tenure, marital status, number of children, pay, workplace size, sector, type of contract, physical health and survey year. Standard errors in parentheses. * $p < 0.05$; ** $p < 0.01$; *** $p < 0.001$

Table 2 Fixed effect regressions of downward occupational mobility on job satisfaction trajectory in regions with high and low unemployment rates

	High unemployment regions	Low unemployment regions
t	0.00 (0.03)	-0.05 (0.03)
t+1	-0.03 (0.05)	-0.09* (0.05)
t+2	-0.04 (0.06)	-0.06 (0.06)
t+3	0.03 (0.08)	-0.16* (0.08)

Control variables: age, education level, tenure, marital status, number of children, pay, workplace size, sector, type of contract, physical health and survey year. Standard errors in parentheses. High unemployment regions include Northeast, Northwest, Yorkshire and Humber; East Midlands and West Midlands (N=47,887); Low

unemployment regions include East of England, Southeast and Southwest (N=44,156). Controls included. * $p < 0.05$; ** $p < 0.01$; *** $p < 0.001$

Conclusion

This study has examined the impact of downward occupational mobility on post-turnover job satisfaction trajectory and the context under which it causes less psychological damage. Based on the British Household Panel Survey, our analysis shows that downward occupational mobility has enduring negative effects on job satisfaction. However, this effect is moderated by individuals' career history and the conditions of their local labour market. These results highlight the relativity of subjective well-being functions. Instead of assuming the same life event affects everyone in the same way, examining its impact from a relative perspective is likely to lead to more insightful conclusions.