



## **DOWNWARD OCCUPATIONAL MOBILITY AND JOB SATISFACTION: WHEN DOES IT HURT LESS?**

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Downward occupational mobility, defined by moving from a higher to a lower socio-economic class occupation, can be triggered by a wide range of factors such as economic recession, organizational restructuring and downsizing, and the implementation of labour-saving technologies. Downward mobility is an unpleasant life event because it is often accompanied by a loss of income and status (Social Mobility Commission, 2020). The detrimental effect of downward mobility on job satisfaction can persist for several years after the transition (Zhou et al., 2021), a pattern that mirrors the widely documented scarring effects of unemployment on life satisfaction (Clark et al., 2008; Clark and Georgellis, 2013; Luhmann et al., 2012).

This study examines the individual and contextual factors that moderate the negative effect of downward occupational mobility on post-turnover job satisfaction trajectory. Diverging from previous research which assumes that downward mobility is depressing for all, in this study we argue that the well-being impact of a downward career transition depends on how people evaluate such events in the context of their employment trajectories and the conditions of the local labour market. Specifically, individuals who have been exposed to greater adversity (e.g., an episode of unemployment) before moving into lower-skilled occupations may perceive such career transitions less negatively than those who drift down the occupational class ladder without the disruption of unemployment, because the event represents a gain for the former but a loss for the latter. Besides comparing with their own past experiences, individuals also compare themselves to others socially or geographically close to them. Misfortunes and hardships are easier to bear when they are shared with others as such experiences are more likely to be attributed to external factors instead of personal failure. When unemployment is relatively common due to the ill health of the economy, downward career mobility is less likely to result in self-doubt or psychological distress.

This study is focused on the UK, which provides an ideal case for investigating occupational mobility. According to Esping-Andersen's (1990) typology, the UK is classified as a liberal market





regime. Job mobility is relatively prevalent due to the relatively weak employment protection legislation that governs the hiring and firing process (Bukodi and Róbert, 2007; Gangl, 2003). Unlike coordinated market regimes which provide strong vocational training that channels individuals into specific occupations, liberal market regimes place a greater emphasis on training general skills (Hall and Soskice, 2001), leading to more permeable occupational boundaries and higher incidence of occupational mobility (Bukodi and Róbert, 2007). Further, job satisfaction is more sensitive to employment status in liberal market regimes due to the development of less inclusive welfare regimes, while high levels of regional inequality provide conditions for examining the importance of social comparison for subjective well-being.

This study is based on the UK Household Longitudinal Study (UKHLS) which was carried out by the Institute for Social and Economic Research at the University of Essex to provide information on social and economic changes in the UK. The first survey was conducted in 2009 in 26,000 households in England, Scotland, Wales, and the Northern Island based on the General Population Sample. Respondents who participated in the first survey were reinterviewed every year until the present. Of the initial respondents interviewed in 2009, 52% were still participating in the study after six years. In total, the UKHLS covers approximately 100,000 individuals from 40,000 households from the UK. We identified a total of 4,340 incidents of downward occupational mobility, including 1,780 transitions from higher to intermediate occupational classes, 1,539 from intermediate to lower occupational classes, and 1,021 from higher to lower occupational classes. The majority of downward career transitions (3,314 out of 4,340) were not preceded by unemployment, while 225 were preceded by a spell of unemployment. Information on regional unemployment rate is provided by the UK Office for National Statistics. We selected the unemployment statistics which cover the same period as the UKHLS (2009–2019) and merged the data with the main survey by region identifier. Although unemployment rates vary over time in line with economic cycles, the relative rankings of regions have been stable over time. Regions with high levels of unemployment include the Northeast, Yorkshire and Humber, West Midlands and London, and regions with low levels of unemployment include the Southeast and the Southwest.

Our fixed effect analysis shows that the effect of downward occupational mobility on job satisfaction is moderated by individuals' career history and the conditions of their local labour markets. When downward occupational mobility is preceded by a spell of unemployment, it does not reduce satisfaction with the new job. By contrast, when people move directly from higher into lower





socio-economic class occupations, they suffer a significant loss of job satisfaction which lasts for several years after the transition. It appears that unemployment plays a 'reset' role by reducing comparison with the distant past and increasing satisfaction with what one currently possesses. Our second main finding is the variation in the impact of downward occupational mobility across regions with different levels of unemployment. Comparing six UK regions with the highest and lowest levels of unemployment, our analysis shows that individuals react less negatively to downward occupational mobility when they reside in regions with higher unemployment rates. A potential interpretation of this finding is that individuals are less likely to blame themselves for macro-economic factors that lie beyond their control. When career progression is difficult due to the structural constraints of labour market, downward mobility carries less social stigma and psychological strain.

### **Implications**

This study underlines the importance of work and employment for protecting individuals' subjective well-being. The evidence that a downward career transition does not hurt when it is preceded by an episode of unemployment suggests that individuals have inherent needs to engage in paid work. Active labour market policies aimed at helping unemployed people re-enter the labour force can play an important role in mitigating the deleterious effect of unemployment. In addition, the finding that direct transitions from higher into lower socio-economic class occupations lead to prolonged periods of frustration points to a need for policies to reduce the risks for downward career mobility, for example, by expanding high-quality vocational training and containing the spread of precarious work. Finally, although this study shows that downward mobility hurts less in regions with higher levels of unemployment, it should be pointed out that chronically high unemployment implies diminished long-term prospects for everyone. While social comparison may provide a temporary psychological relief, the scarcity of high-quality work opportunities will ultimately impede the development of capabilities, ambitions, and overall well-being.

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