

Job, Employment and Occupation Flows Over the Business Cycle

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Abstract

We study, empirically and theoretically, the flows from and to unemployment, and from job to job, and relate these to occupational mobility. We are also particularly interested in the cyclical patterns of these flows. Using the Survey of Income and Program Participation, we document patterns of job mobility with and without occupational change, and in particular, focus on these workers' subsequent labor market outcomes. We then model these flows in an adaptation of Carrillo-Tudela and Visschers (2011, 2013) that incorporates on-the-job search. Due to its block-recursive structure, the model stays tractable, even when the agents are subject to aggregate productivity shocks. We investigate whether the observed patterns of occupational mobility are consistent with an attachment to occupations growing with occupational tenure, also when incorporating job-to-job transitions; whether this attachment is in line with estimated returns to occupational human capital; and how this attachment varies over the business cycle, and over the life cycle. We then plan to relate our outcomes to the overall strength of reallocative forces for workers, and what role the business cycle plays in this.