

Research Questions

How do occupations capture diverging wage trajectories?

How does occupational mobility impact life cycle wage inequality?

What I do & find

I document large occupational differences in wage trajectories

- Hungarian linked administrative data across employers and occupations

I model mobility in an occupationally segmented labor market

- **Opportunities** vs. **choices** using conditional choice probabilities

I uncover substantial occupational heterogeneity in sources of mobility

- Wage offers, labor market frictions, compensating diff'ts, switching costs

I tie occupational mobility to life cycle wage inequality

- 94% fit of inequality profile via crossing expected wage trajectories

Modeling framework

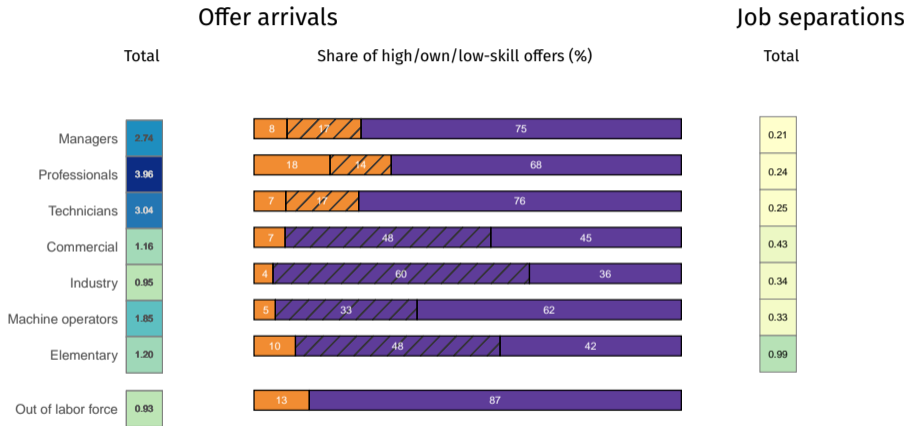
Employed in occupation a earning wage i :

$$\left(\sum_o \lambda_a^o + \sum_w \chi_{ai}^{aw} + \delta_a + \rho \right) V_a(i) = u_a(i) + \mathbb{E}_w [\chi_{ai}^{aw} V_a(w)] + \delta_a V_N \\ + \mathbb{E}_{o,w,\tilde{c}} [\lambda_a^o \max\{V_o(w) - \tilde{c}_a^o, V_a(i)\}]$$

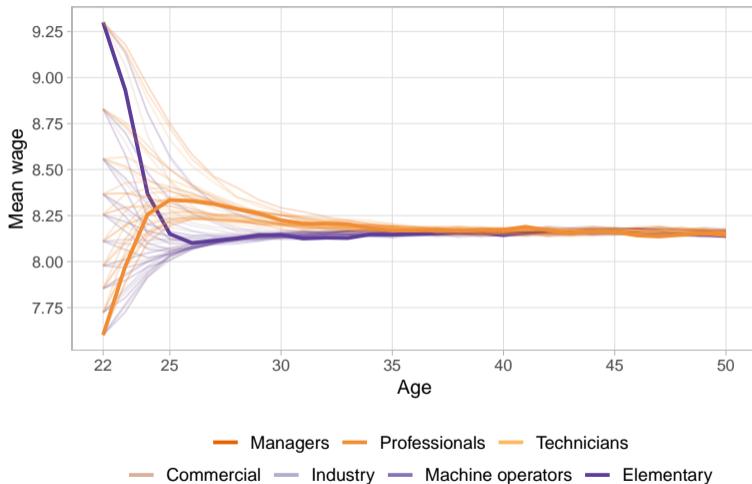
Not employed:

$$\left(\sum_o \lambda_N^o + \rho \right) V_N = u_N(b) + \mathbb{E}_{o,w,\tilde{c}} [\lambda_N^o \max\{V_o(w) - \tilde{c}_N^o, V_N\}]$$

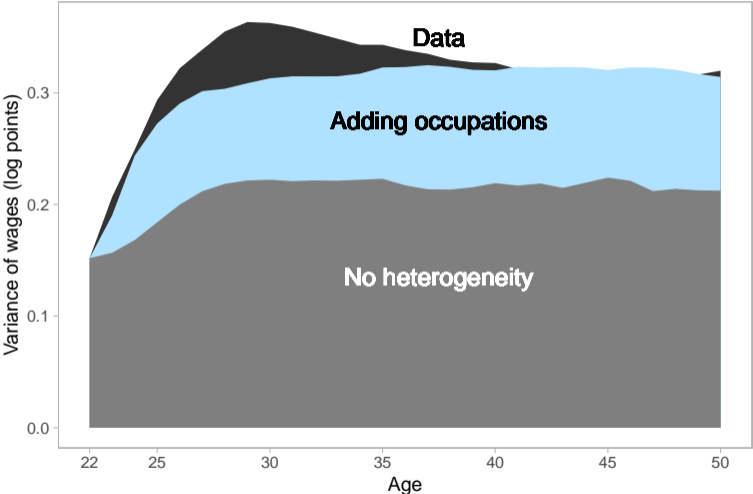
High-skilled workers receive more & better offers than low-skilled



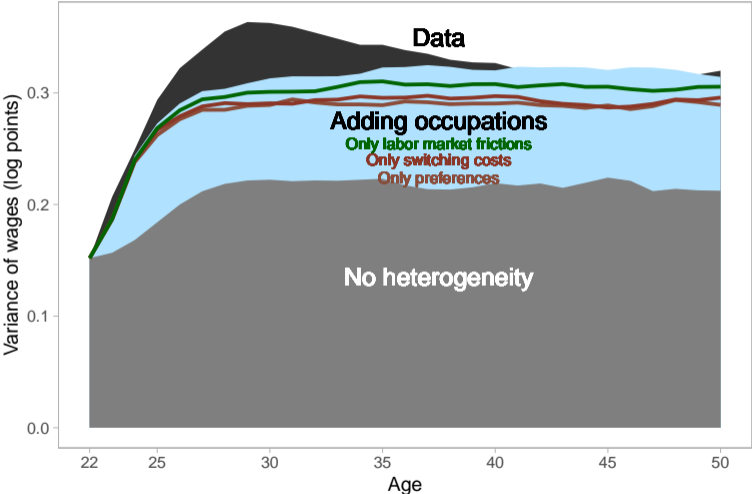
Early on, better to focus on skill content than wages



Fitting life cycle wage inequality



Fitting life cycle wage inequality



Research Questions

How do occupations capture diverging wage trajectories?

Wage offers

Non-wage amenities

Labor market frictions

Non-pecuniary job switching costs

How does occupational mobility impact life cycle wage inequality?

It fits wage dispersion via diverging paths

attilagyetvai.com