

# Changing jobs

How economic change affects the world of work



Today



An introduction to RF

Highlights from our 'Economy 2030' research programme

A summary of my paper 'Changing jobs'



# A quick introduction to Resolution Foundation

## Who we are



*“... an independent thinktank focused on improving living standards on those on low to middle incomes.*

*We work across a wide range of economic and social policy, combining our core purpose with a commitment to analytical rigour.”*

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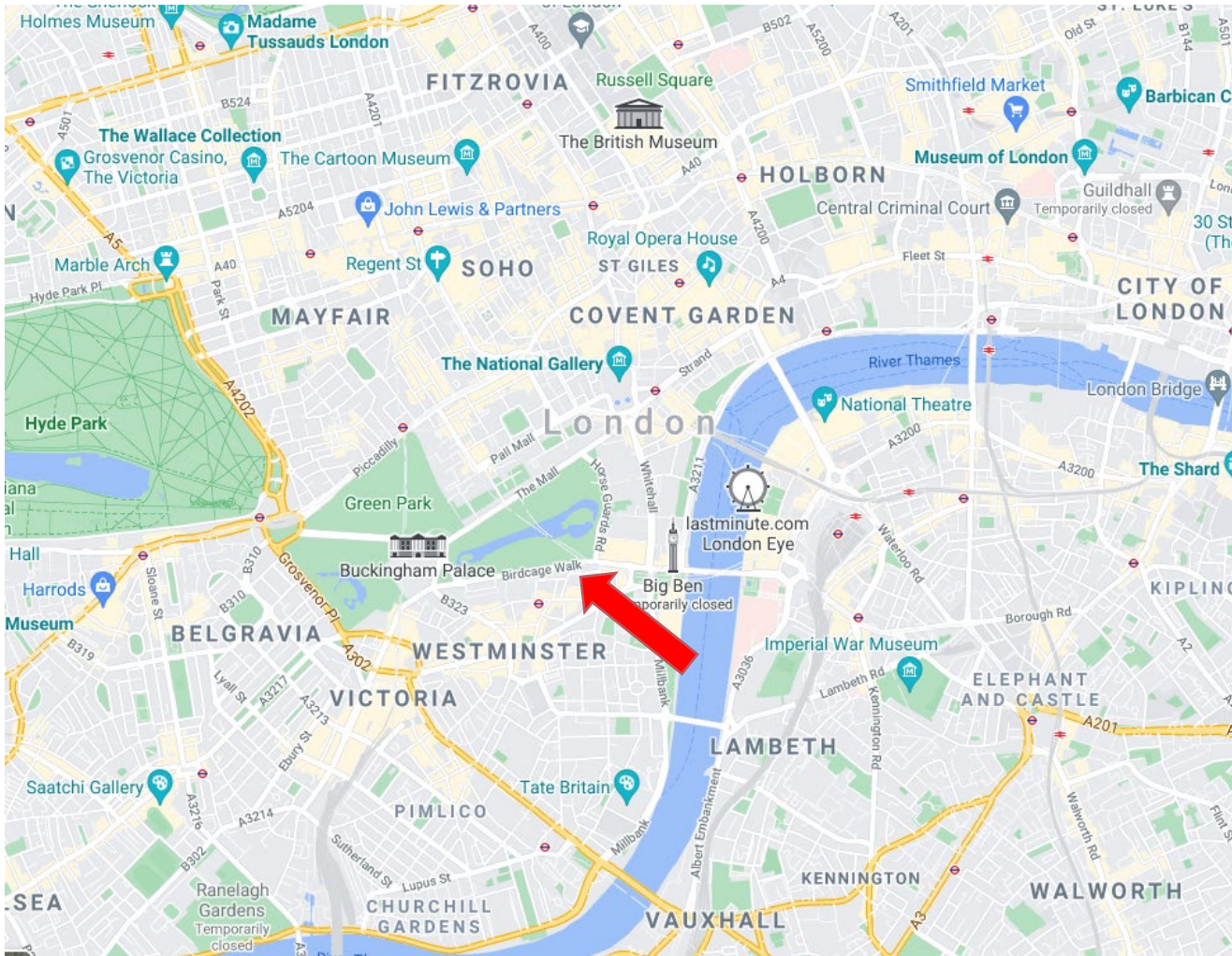
## Who we are

30 staff (of which ~20 researchers)

Established 2005

We cost ~£2m/year to run

Majority funded by a single trust, plus commissioned projects



## How we achieve our aims

### ‘Rigour’:

- trusted by journalists; justify our ‘seat at the table’

### ‘Impact’:

- long-term: drum beat of reports to change the debate – profile raising; change how issues discussed
- short-term: intervene at key moments (budgets, furlough, energy crisis ..)





# The Economy 2030 Inquiry

A collaboration



**Resolution**  
Foundation



## The decisive decade

- The 2020s are not just the post-pandemic period.
- Instead the UK faces a decisive decade of major change.
- We have not faced such major change in recent years, nor always handled change well
- Our economy starts from a position of strength in some areas, but major weaknesses in others

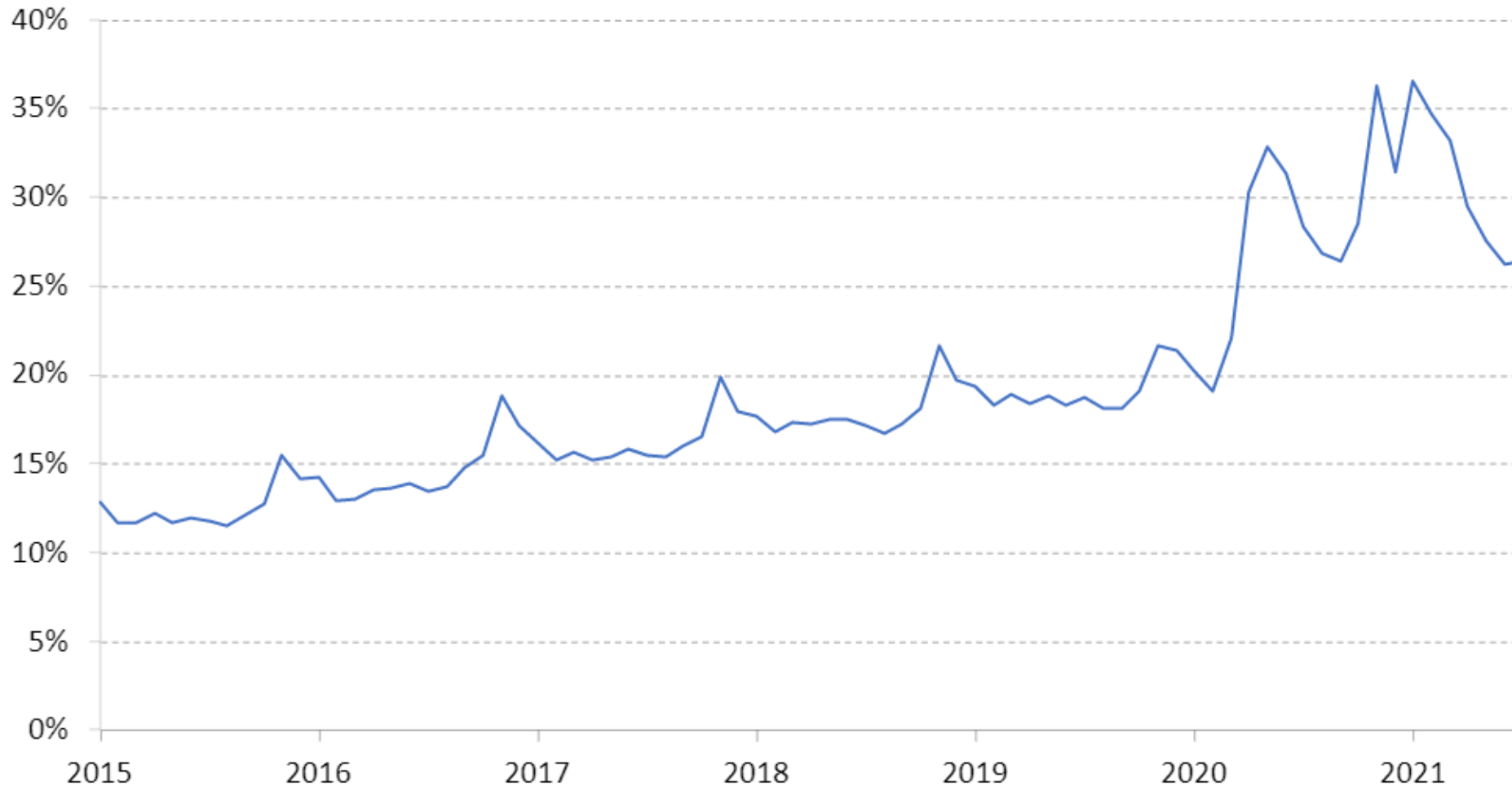
## 5 drivers of change

1. Covid-19
2. Brexit
3. Net Zero
4. Demographics
5. Technology

# Behavioural change will outlast the pandemic that accelerated it

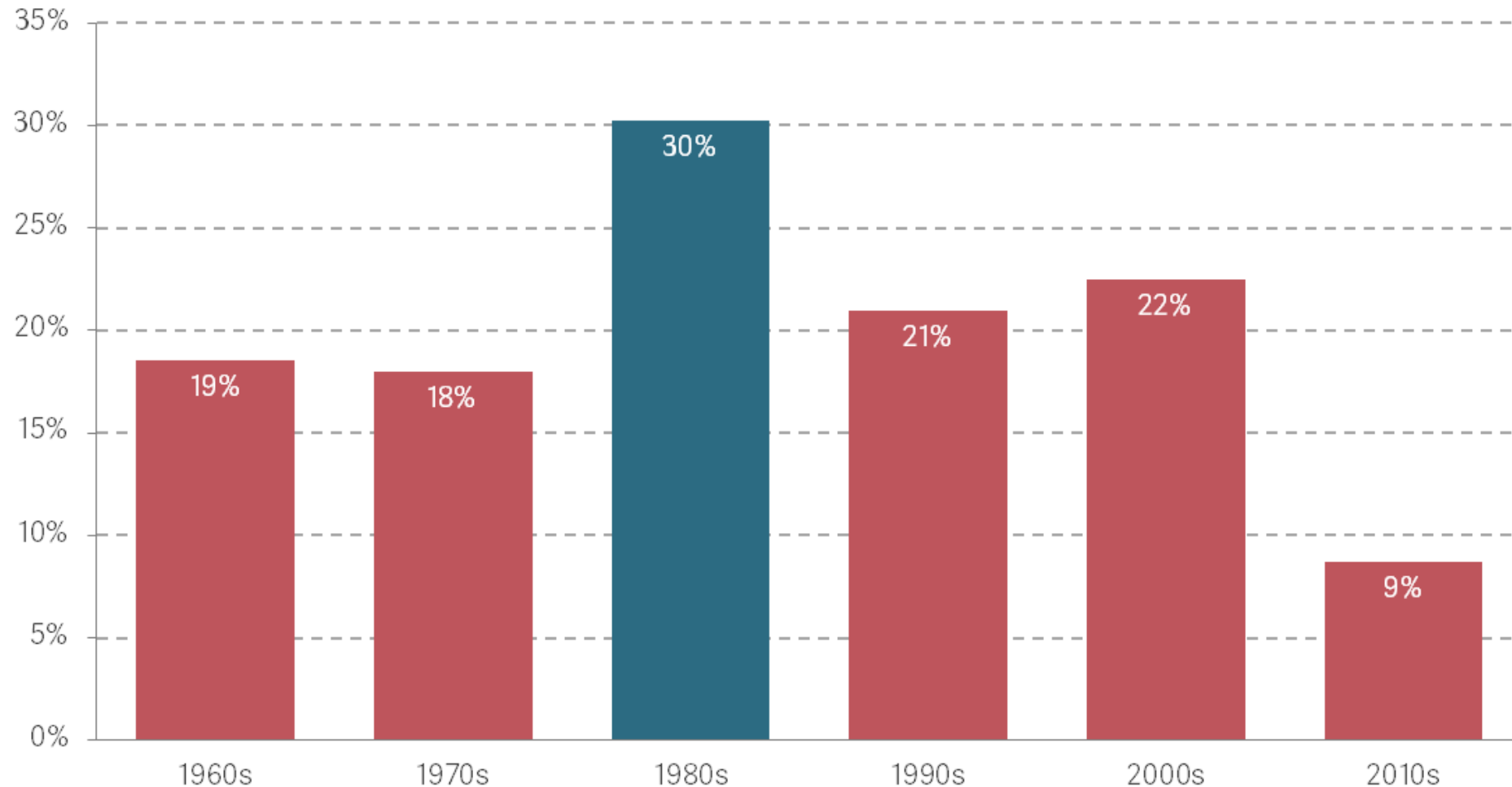


*Internet sales as a percentage of total retail sales: 2015-2021, UK*



# Significant change in the 1980s saw strong income growth for many...

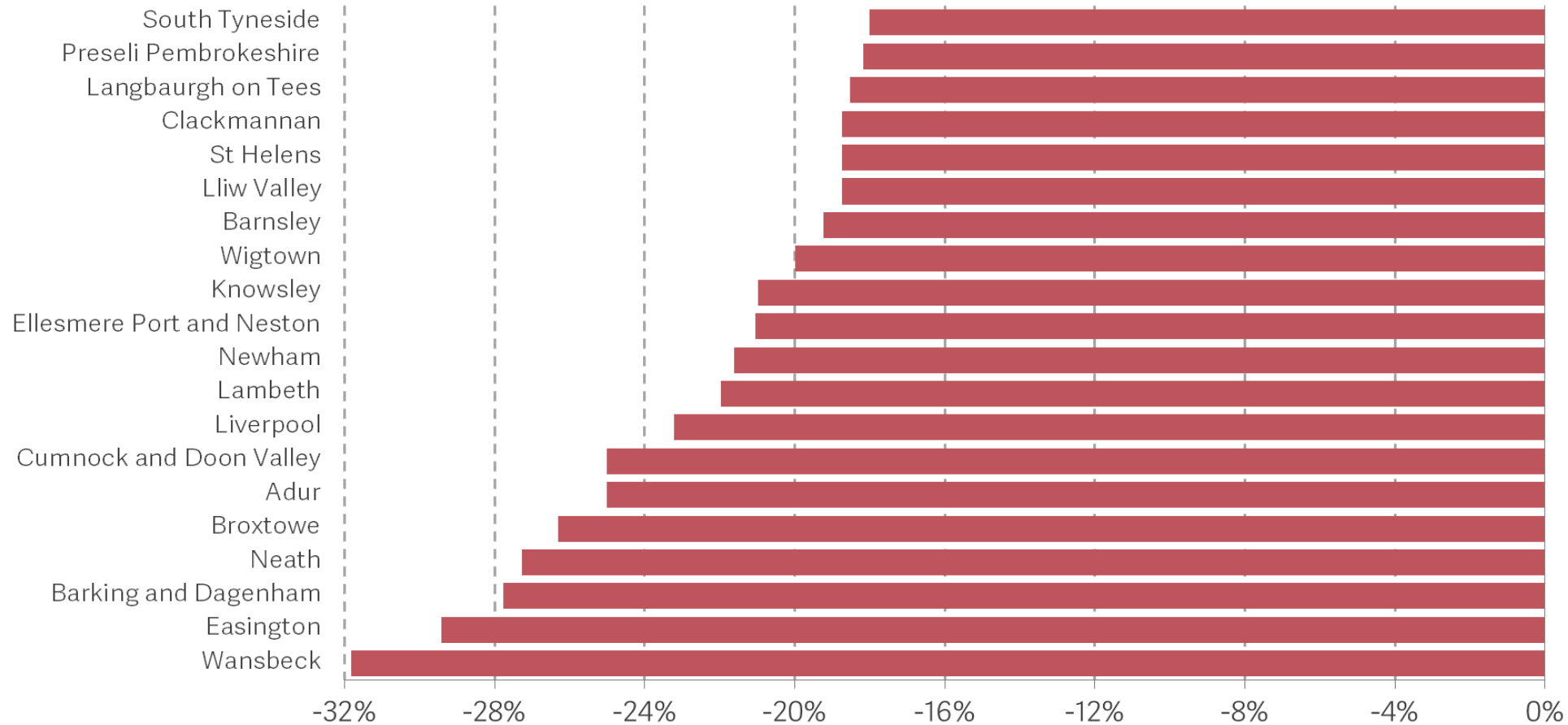
*Real growth (CPI-adjusted) in median equivalised household income (after housing costs): GB/UK*



Notes: 1960s refers to growth between 1961 and 1970. GB data pre 2004, and UK data from 2004 onwards.  
Source: IFS Living Standards, Poverty and Inequality 2020; DWP, Households Below Average Incomes, 2021.

# ...but also major costs for some areas

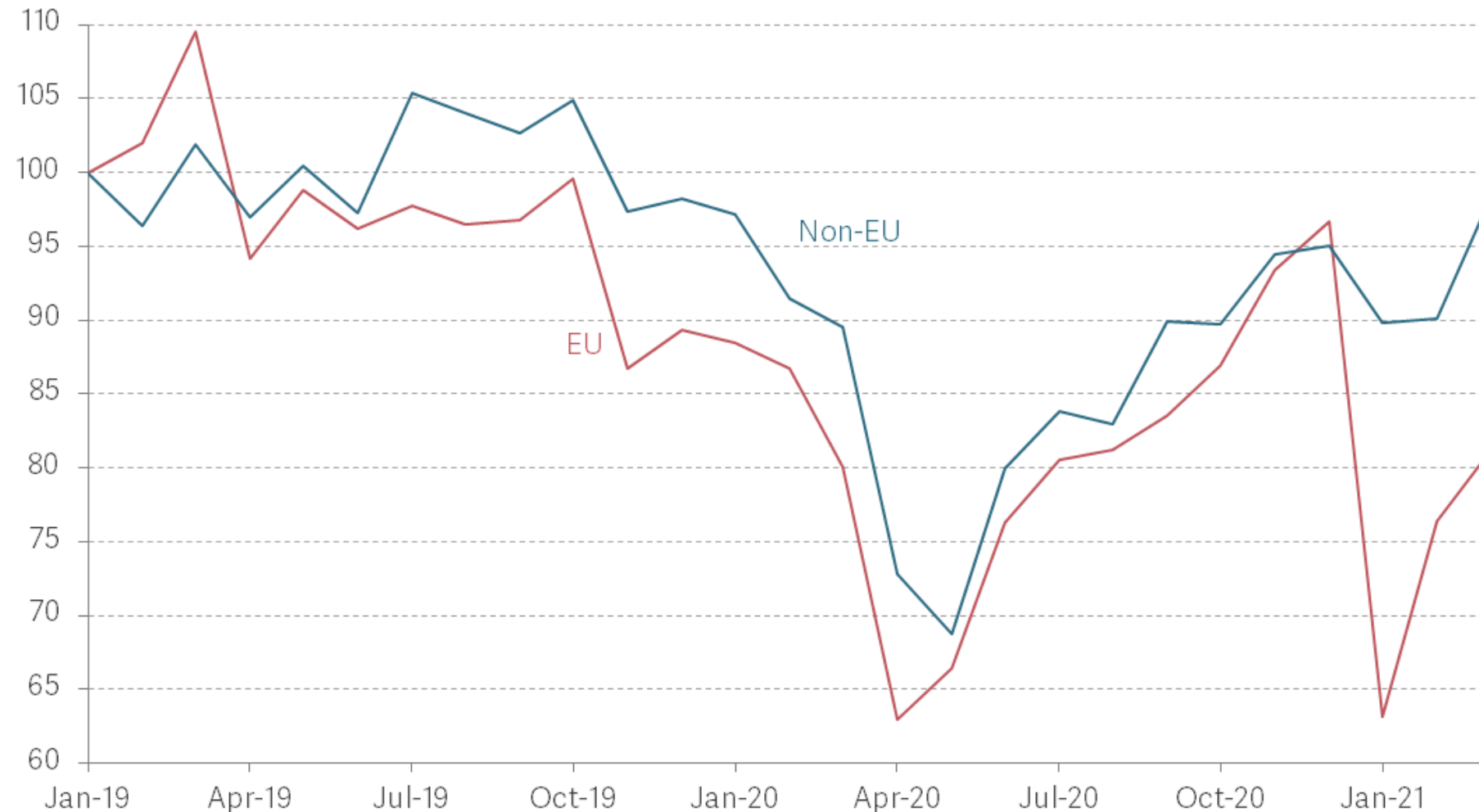
*Change in employee jobs, 20 local authority districts in Great Britain with the biggest fall: 1981-1991*



Notes: Uses pre-1996 local authority district boundaries. Data for Northern Ireland isn't available. The City of London is excluded.  
Source: Analysis of ONS, Census of Employment.

# Changes in trade pattern will see some firms shrink, while others grow

Goods trade (January 2019=100), with EU and Non-EU countries: UK

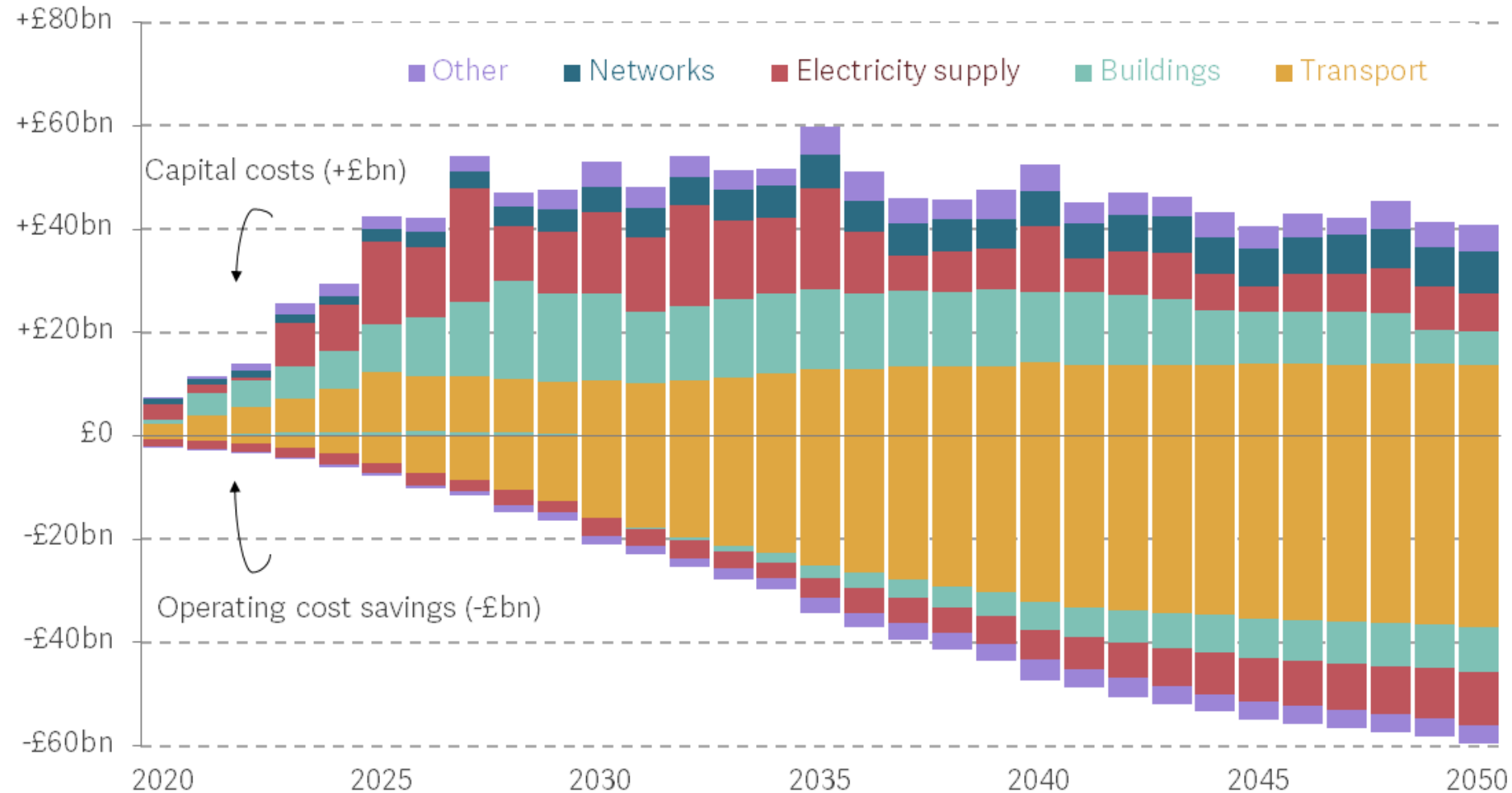


Source: Analysis of ONS, UK trade statistics: March 2021.



# Net Zero will bring big changes

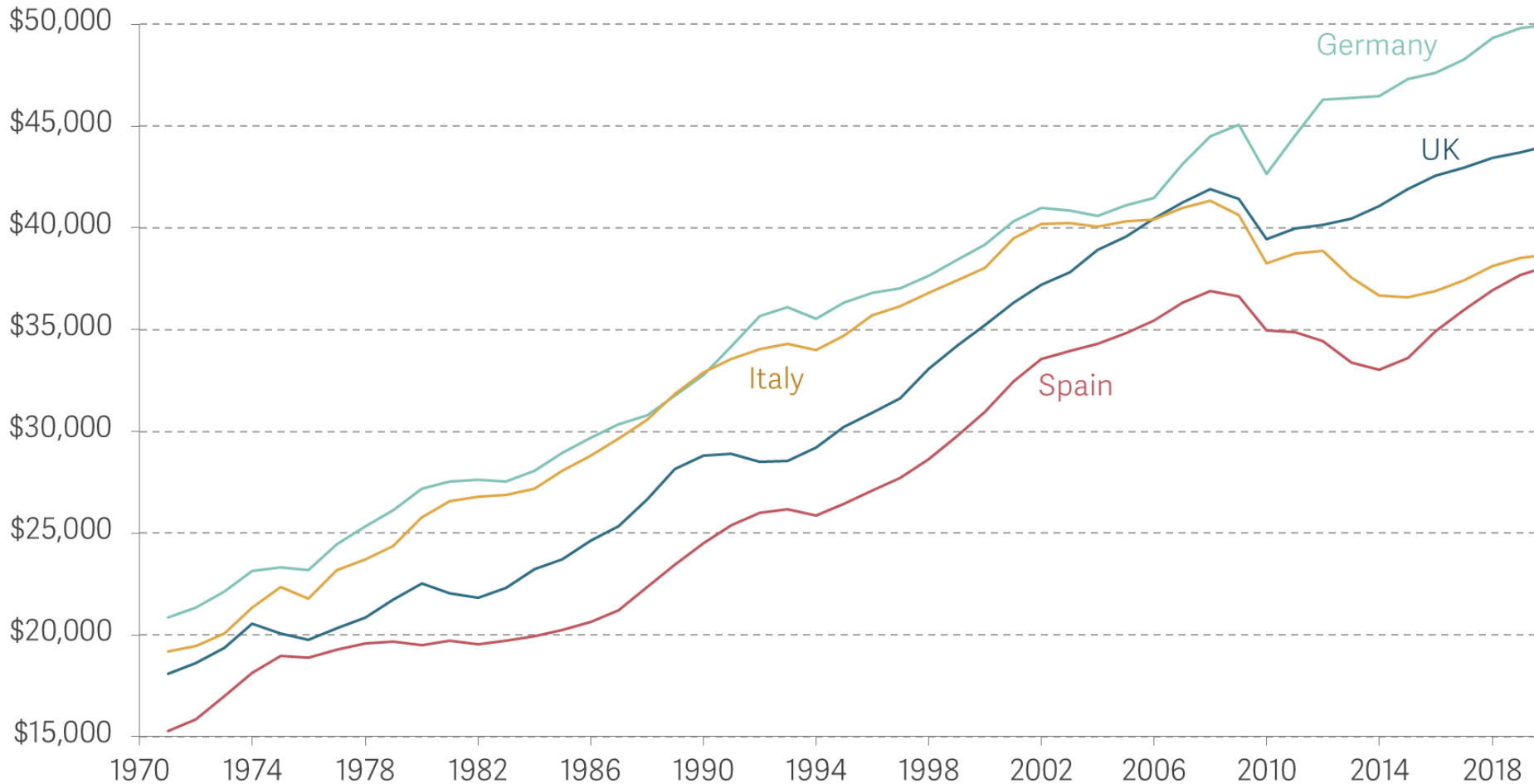
*Capital and investment costs and operating cost savings in the Balanced Net Zero Pathway: UK*



Notes: Values above the x-axis refer to additional annual capital investment. Values below the x-axis refers to savings due to operating cost reductions.  
Source: Analysis of Climate Change Committee, The Sixth Carbon Budget: The UK's path to Net Zero, December 2020.

# Countries' economic position can change: and quite fast

GDP per capita, US dollars, 2015 prices: Germany, UK, Italy and Spain



## The UK's decisive decade

The launch report for The Economy 2030 Inquiry

Torsten Bell, Swati Dhingra, Stephen Machin, Charlie McCurdy, Henry Overman, Gregory Thwaites, Daniel Tomlinson & Anna Valero  
May 2021



## Work experiences

Changes in the subjective experience of work

Krishan Shah & Daniel Tomlinson  
September 2021



## The Carbon Crunch

Turning targets into delivery

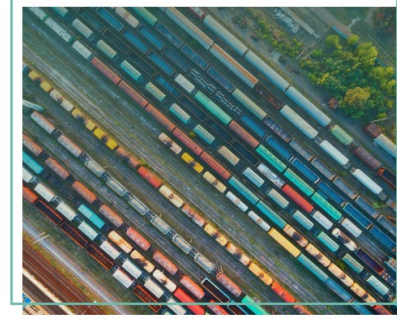
Jonathan Marshall & Anna Valero  
September 2021



## Trading places

Brexit and the path to longer-term improvements in living standards

Josh De Lyon, Swati Dhingra, Sophie Hale & James Smith  
October 2021



## Business time

How ready are UK firms for the decisive decade?

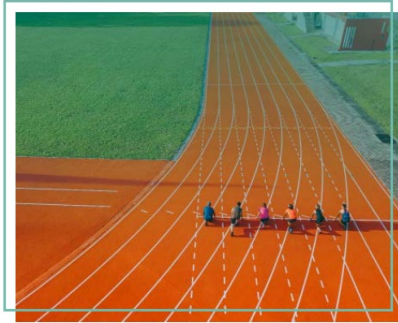
Juliana Oliveira-Cunha, Jesse Kozicki, Pablo Shah, Gregory Thwaites & Anna Valero  
November 2021



## Begin again?

Assessing the permanent implications of Covid-19 for the UK's labour market

Mike Brewer, Charlie McCurdy & Hannah Slaughter  
November 2021



## Social Insecurity

Assessing trends in social security to prepare for the decade of change ahead

Mike Brewer, Karl Handscomb, Gavin Kelly, James Smith & Lalitha Try  
January 2022



## A presage to India

Assessing the UK's new Indo-Pacific trade focus

Sophie Hale  
January 2022



## The UK's decisive decade

The launch report for The Economy 2030 Inquiry

Torsten Bell, Swati Dhingra, Stephen Machin, Charlie McCurdy, Harry Overman, Gregory Thwaites, Daniel Tomlinson & Anna Valero  
May 2021



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## Work

Changes in

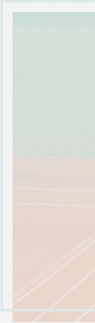
Krishan Shah & David  
September 2021



## Begin

Assessing the

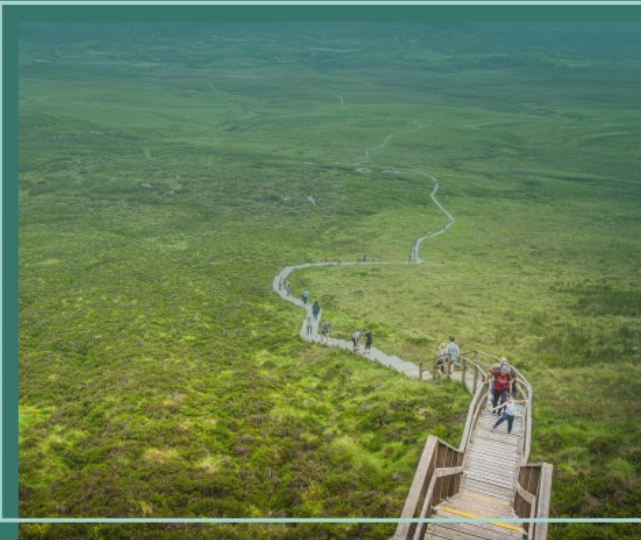
Mike Brown, Charles  
November 2021



# Changing jobs?

### Change in the UK labour market and the role of worker mobility

Nye Cominetti, Rui Costa, Andrew Eyles, Tzvetan Moev & Guglielmo Ventura  
January 2022



## Trading places

Brexit and the path to longer-term improvements in living standards

Josh De Lyon, Swati Dhingra, Sophie Hale & James Smith  
October 2021



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# ‘Changing jobs’: how economic change affects workers

## Looking backwards to understand structural change

The Economy 2030 Inquiry is about the how the UK can manage a ‘decisive decade’ of change

A useful starting point is understanding how change has happened in the past

We often think that:

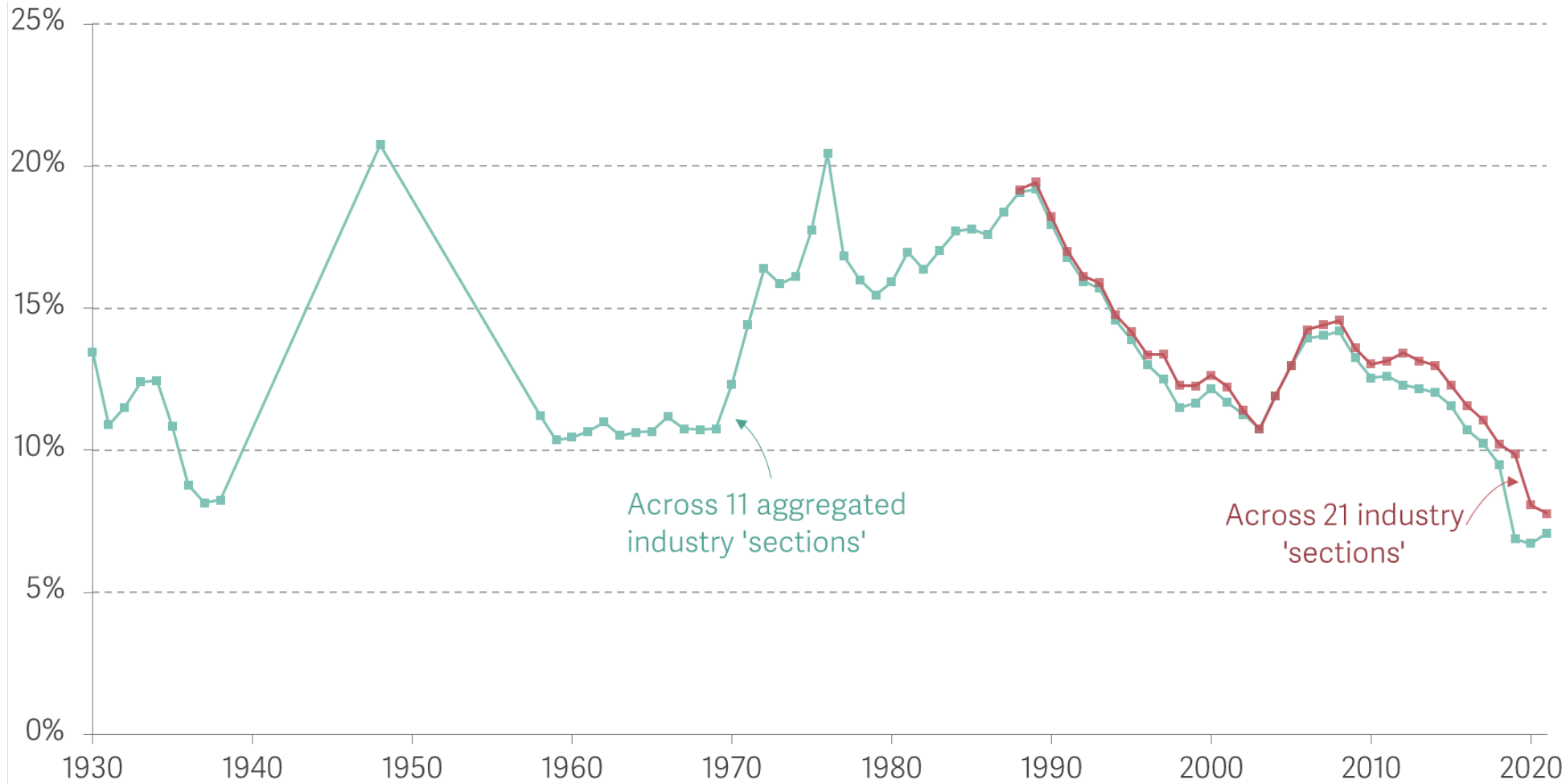
1. The pace of change is speeding up
2. Structural change has positives, but mainly means job losses

# Has change sped up?

# The rate of sectoral reallocation has been slowing since the 1980s



*Decadal reallocation of jobs across industries, as a proportion of total jobs: UK*



Alongside slowing structural change, the rate at which *workers* move between sectors has also slowed (by a third since the mid-1990s)

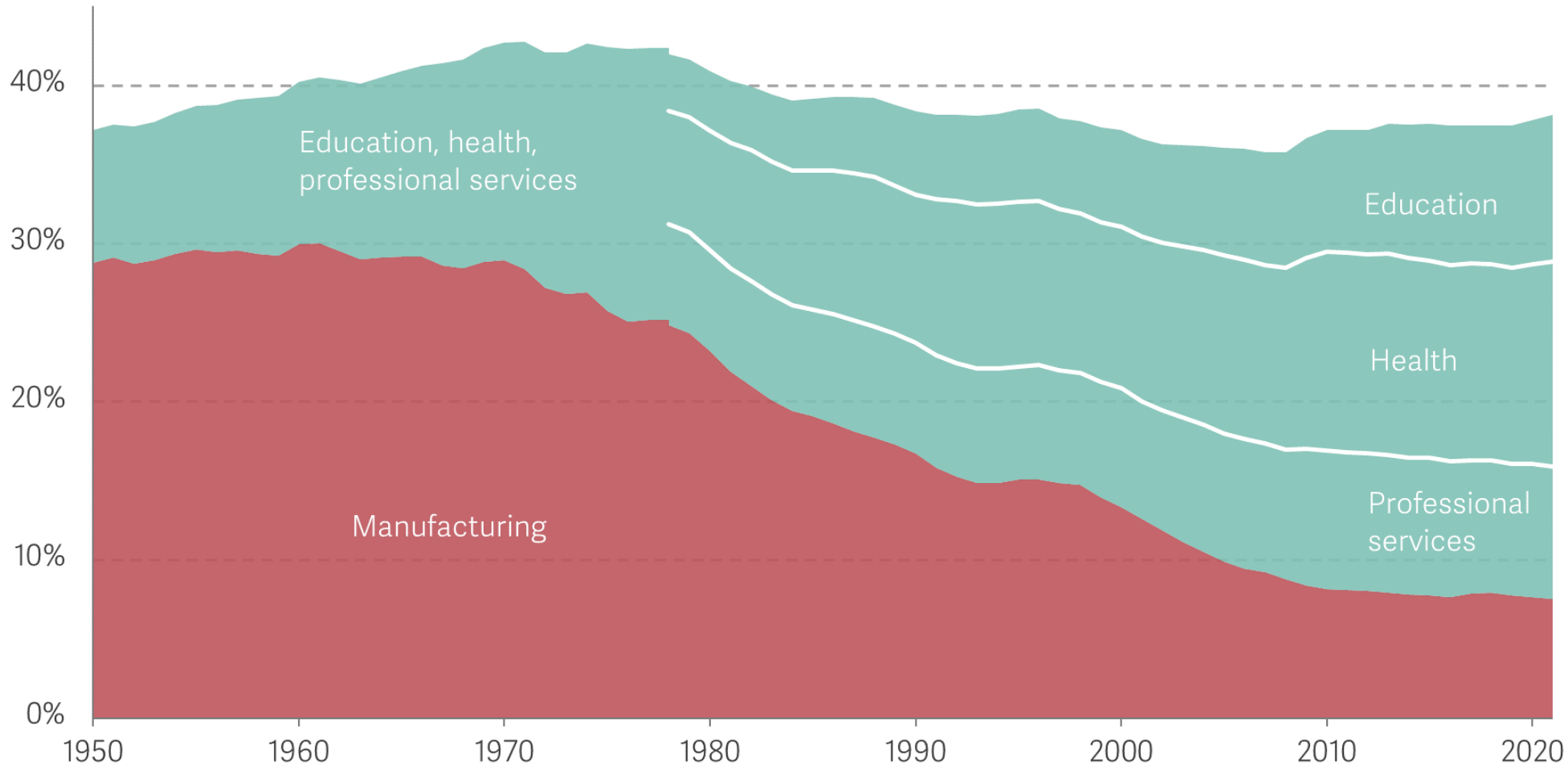
Source: Analysis of ONS, Workforce Jobs, and Bank of England, Millennium of Macroeconomic Data.



# Today's changes are small compared to the big shift from manufacturing to services in the 1980s



*Share of jobs, by sector: UK*



Between 1978 and 1990, the number of jobs in manufacturing fell by 1.8m, compared to a 280k fall from 2007 to 2019.

Notes: Disaggregated sectors available from 1978 onwards.  
Source: Analysis of ONS, Workforce Jobs, and Bank of England, Millennium of Macroeconomic Data.

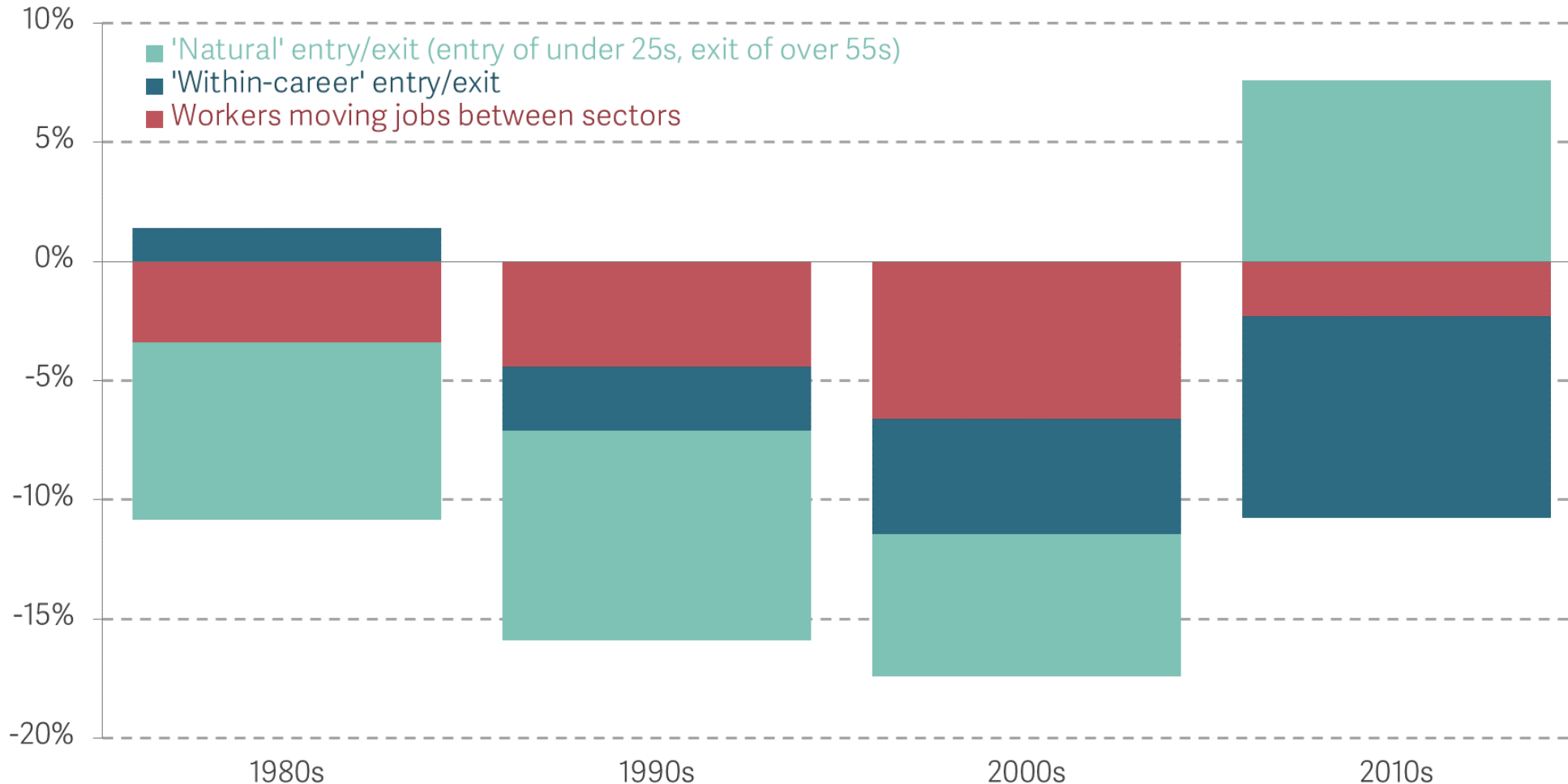
# How does structural change happen?

## Reallocation of labour across sectors can come from:

1. Workers moving jobs between sectors
2. The net effect, at sector level, of workers joining and leaving the workforce
  - ‘Natural’: older workers exiting, younger workers entering
  - ‘Within-career’: balance of entry/exit of ‘prime age’ workers

# 'Natural' entry/exit was important in manufacturing shrinking

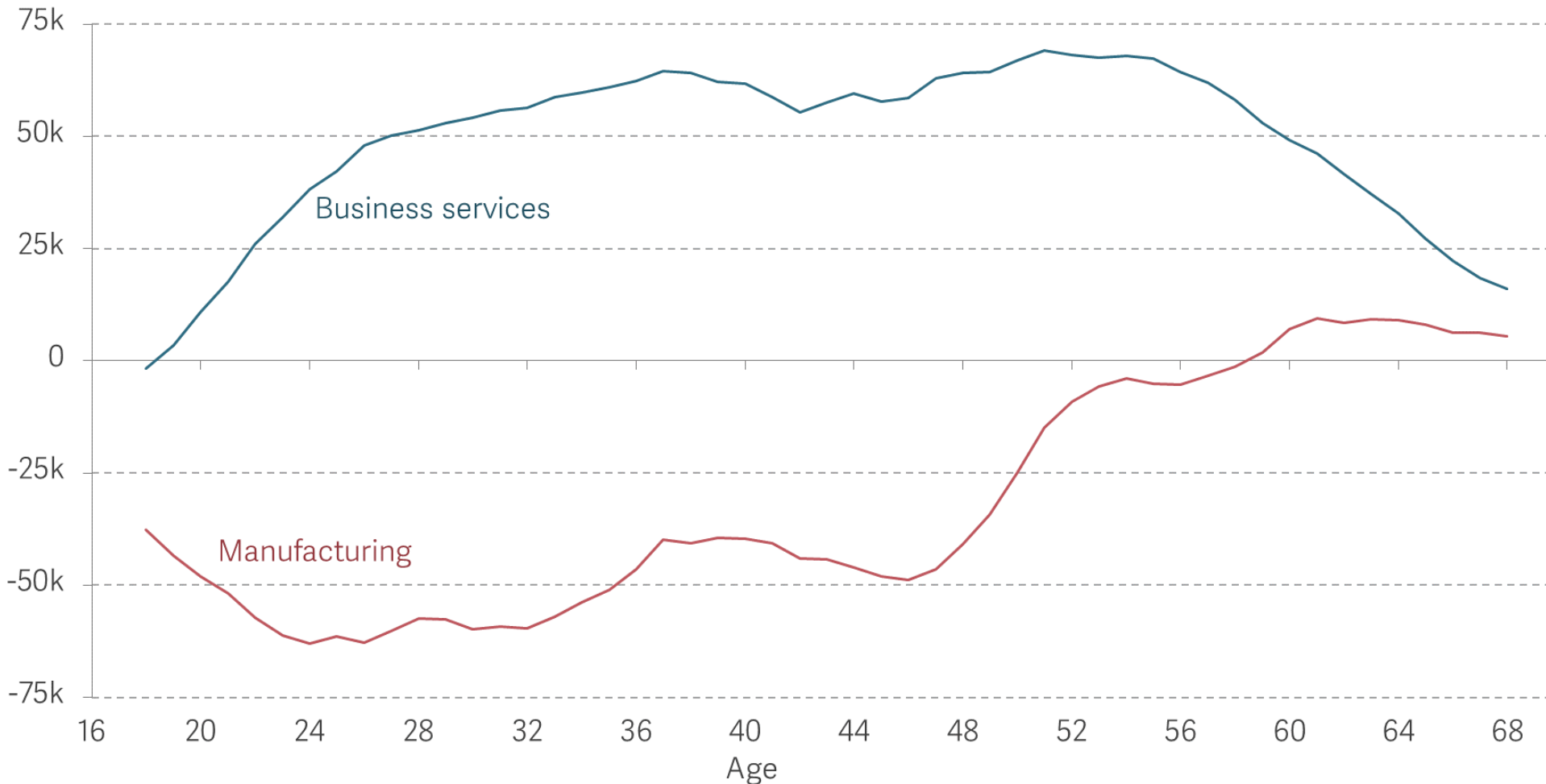
*Contributions to change in manufacturing employment over a 10 year horizon, as a proportion of overall employment: GB*



# This is reflected in the ageing of the manufacturing workforce



*Change in employment by single year of age, 1994-95 to 2018-28: UK*

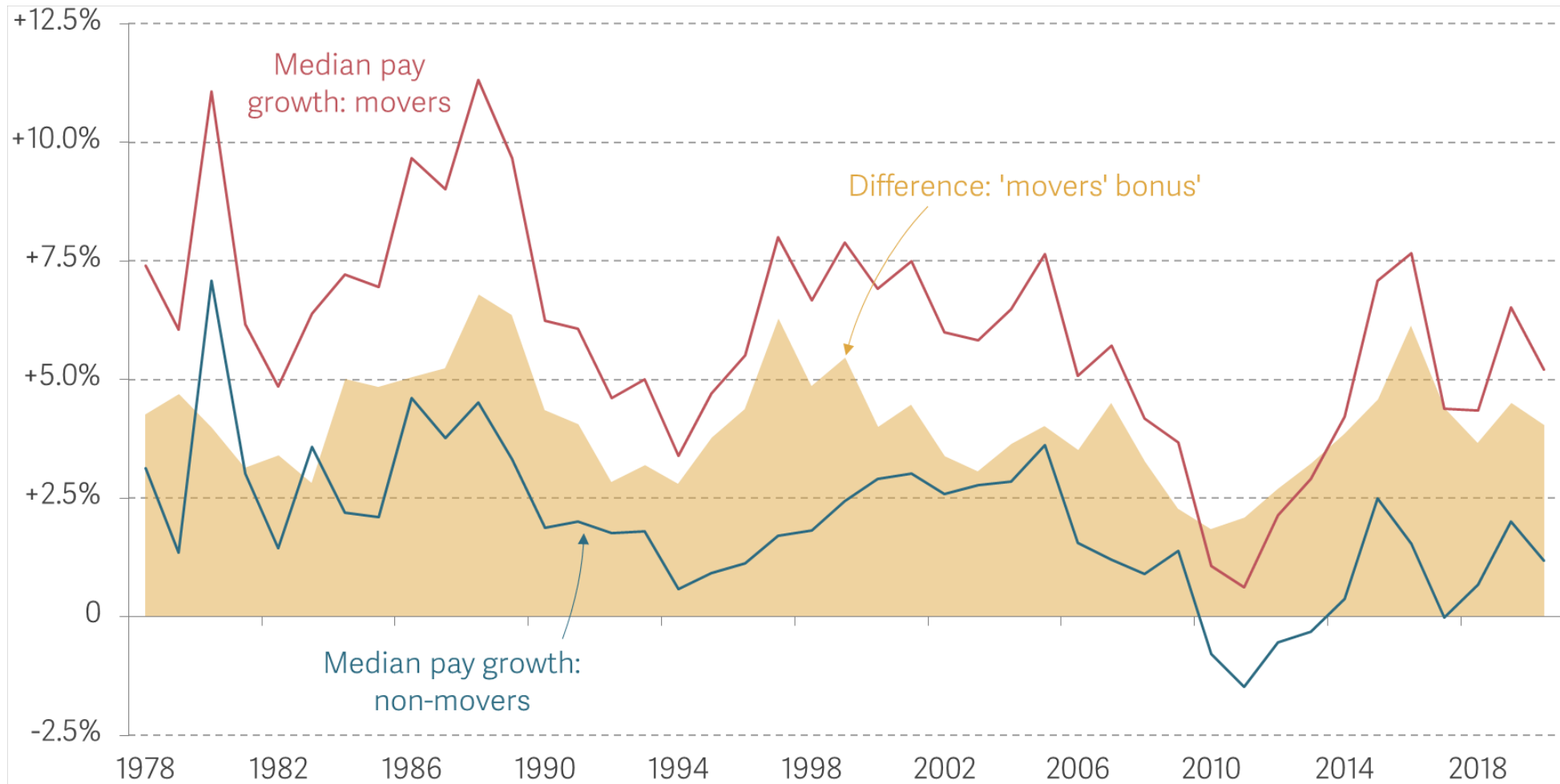


Source: Analysis of ONS, Quarterly Labour Force Survey.

# Economic change presents opportunities for some

# Workers who move jobs get bigger pay rises

*Median annual growth in CPIH-adjusted hourly pay among job movers and stayers: GB*

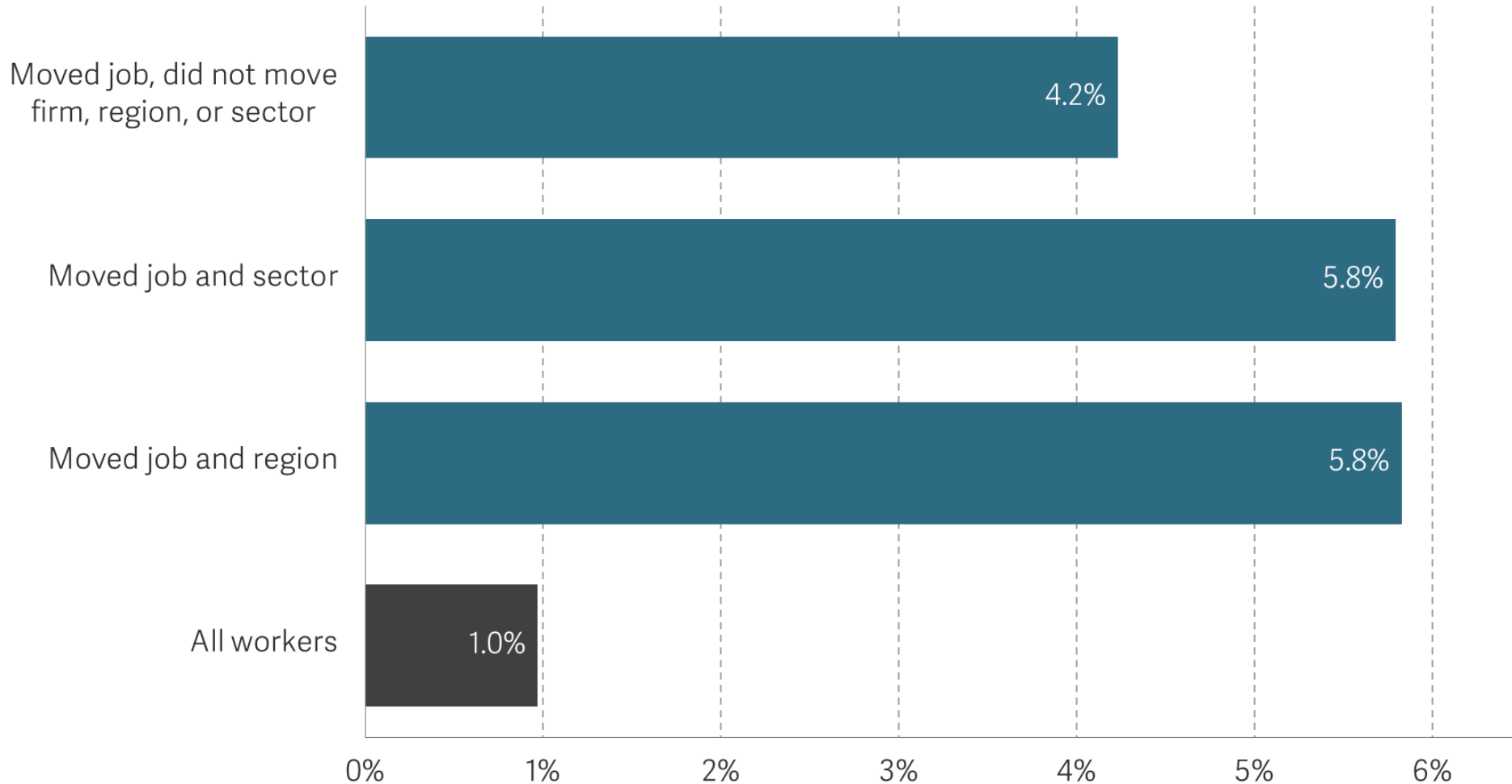


Source: Analysis of ONS, ASHE/NESPD. Data is not weighted.

# Particularly if they change sector



*Median annual growth in CPIH-adjusted hourly pay, 2005-20: GB*

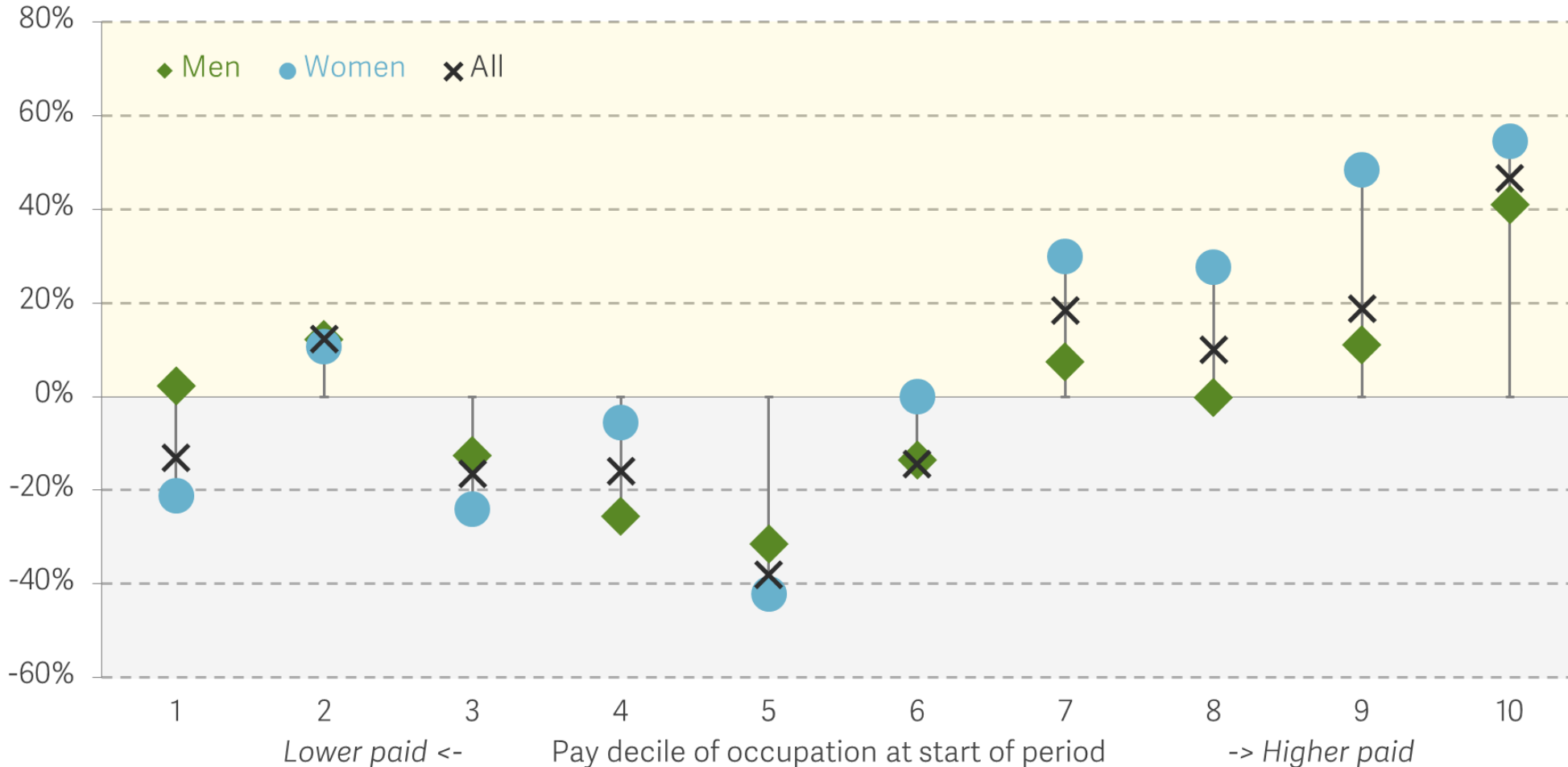


Source: Analysis of ONS, ASHE.



# Recent jobs growth has meant 'occupational upgrading'

*Growth in employment between 2001 and 2019 by occupation pay decile in 2001: UK*



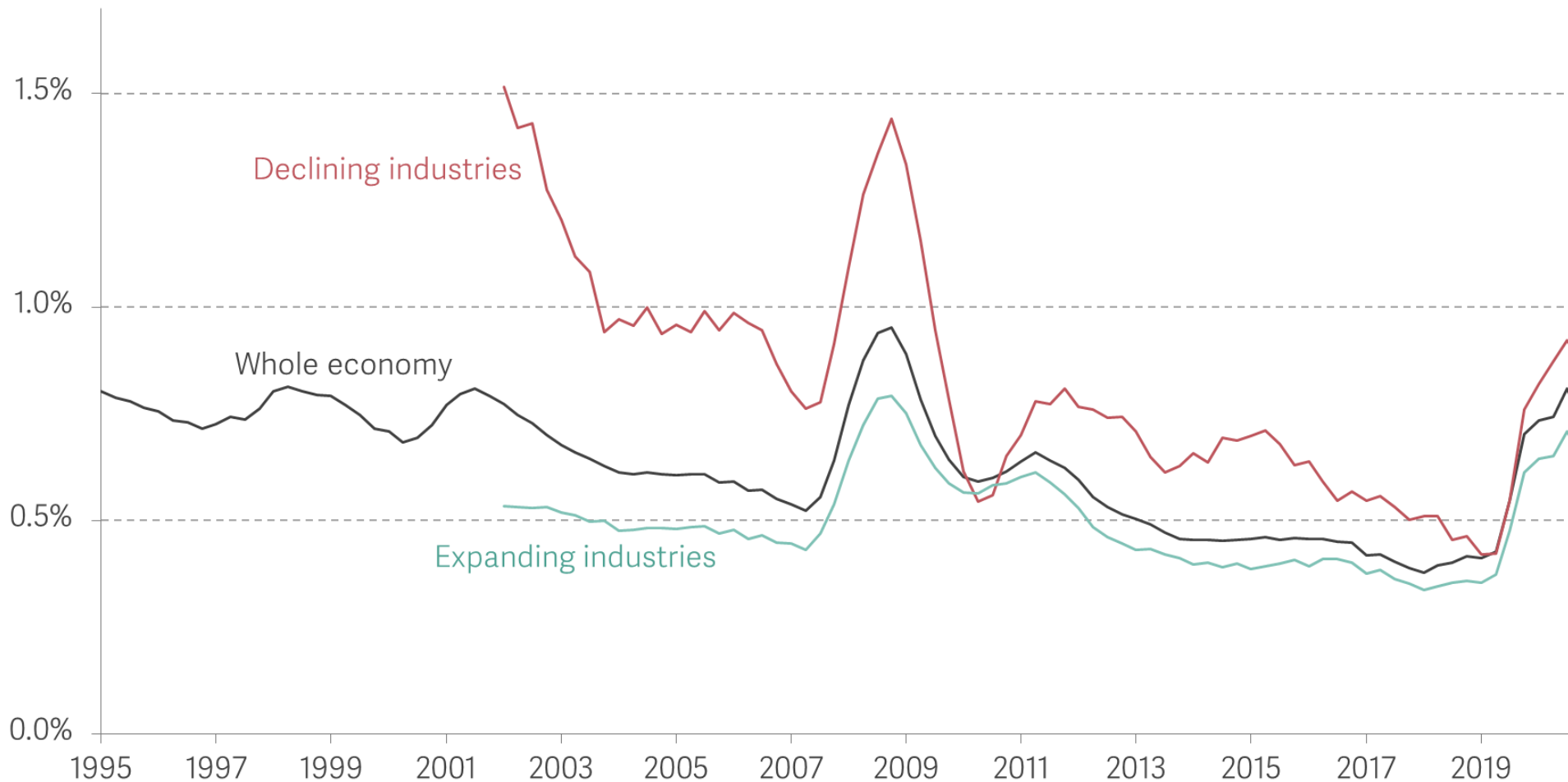
Source: Analysis of ONS, Quarterly Labour Force Survey. Occupations are measured at twodigit level.

But there are real risks for some  
workers

# Involuntary job losses are greater in declining industries



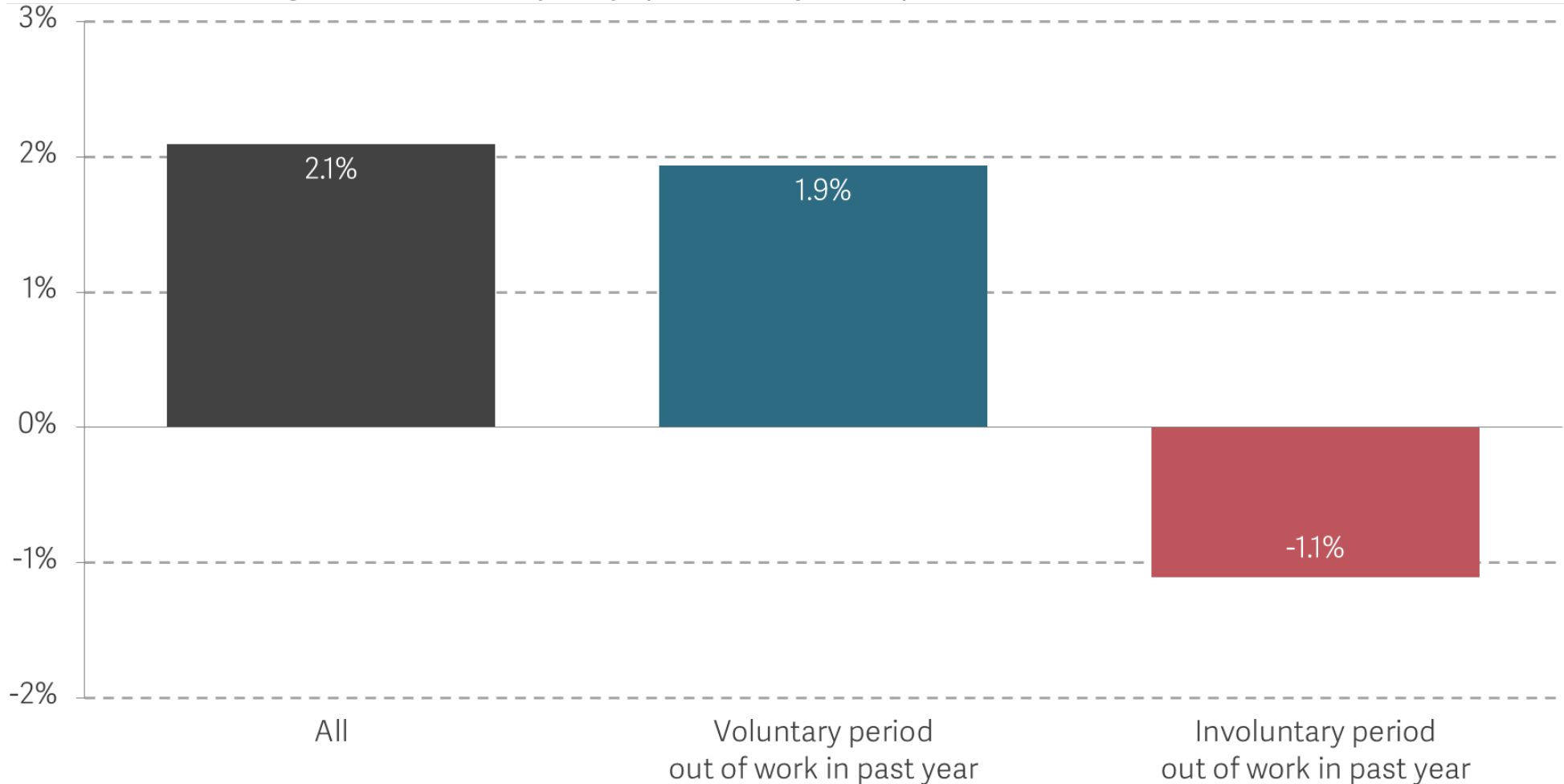
*Proportion of workers facing involuntary job loss per quarter: UK*



Source: Analysis of ONS, Tweekarter longitudinal Labour Force Survey.

# Involuntary job losses have further negative repercussions

*Median annual growth in hourly pay (CPIH adjusted): UK*

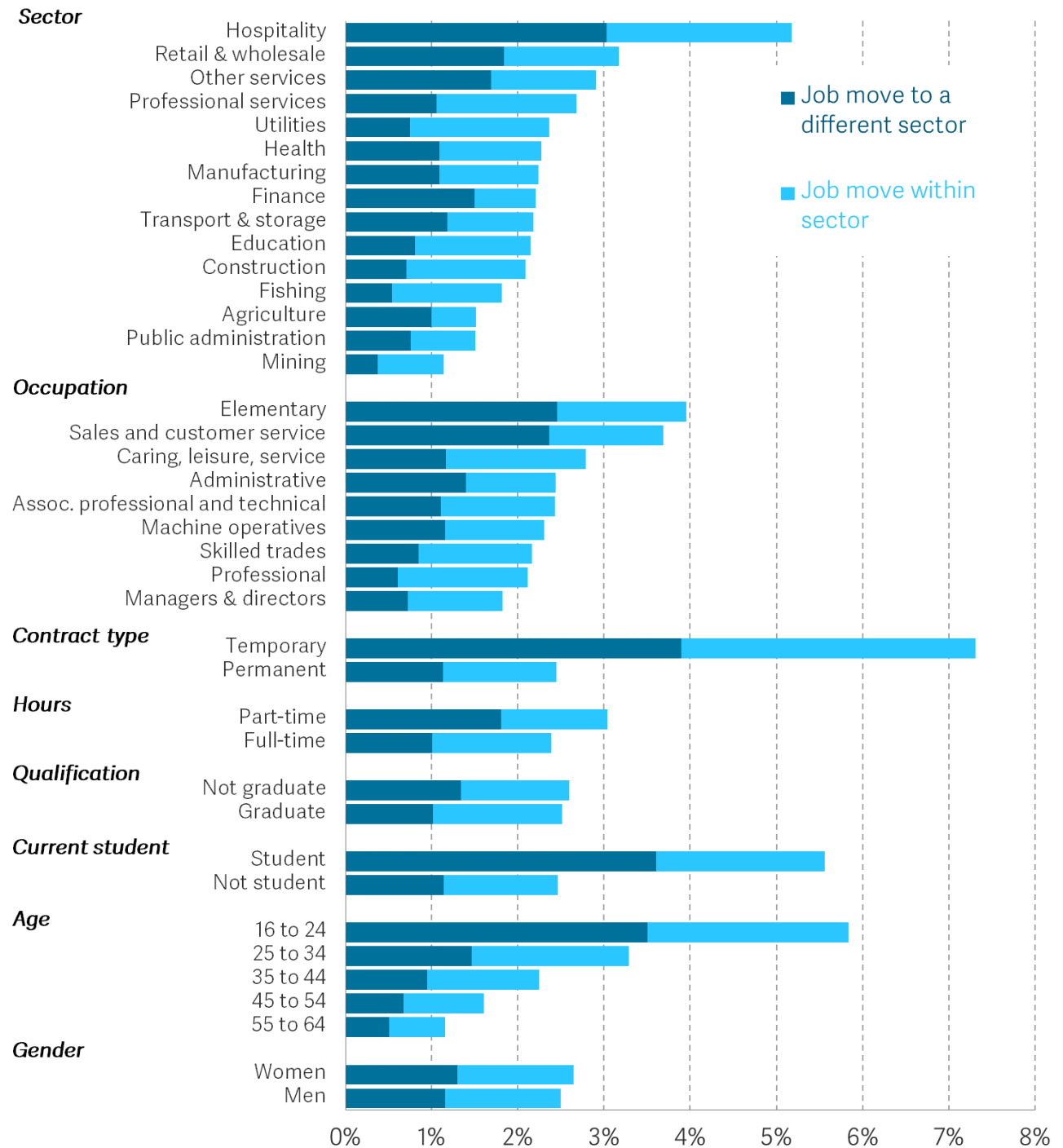


Source: Analysis of ONS, Fivequarter longitudinal Labour Force Survey.

# A deeper dive into job moves

# Rates of job and sector moves vary considerably across different groups of worker

*Proportion of workers moving jobs, or moving jobs and sectors, from the previous quarter: UK, 2005-20*

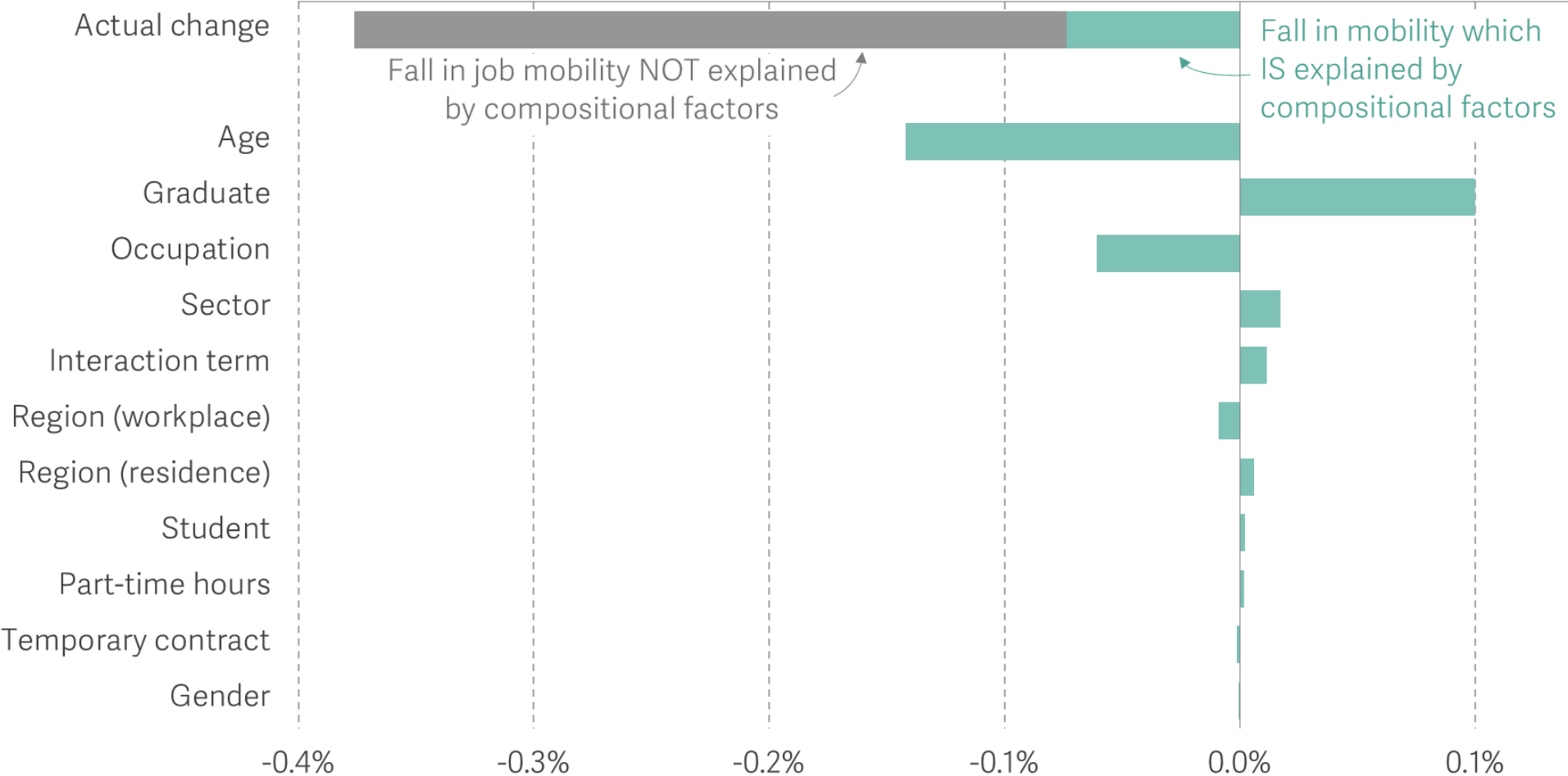


Source: Analysis of ONS, Tvequarter longitudinal Labour Force Survey.

# The changing composition of the workforce explains about a quarter of the slowdown in job mobility over the last 20 years



*Proportion of the fall in mobility between the pre-financial crisis (2001-04) and preCovid (2016-19) periods which is explained by compositional factors: UK*



Source: Analysis of ONS, Fivequarter longitudinal Labour Force Survey.

# We can measure the 'distance' and 'direction' of workers' job moves

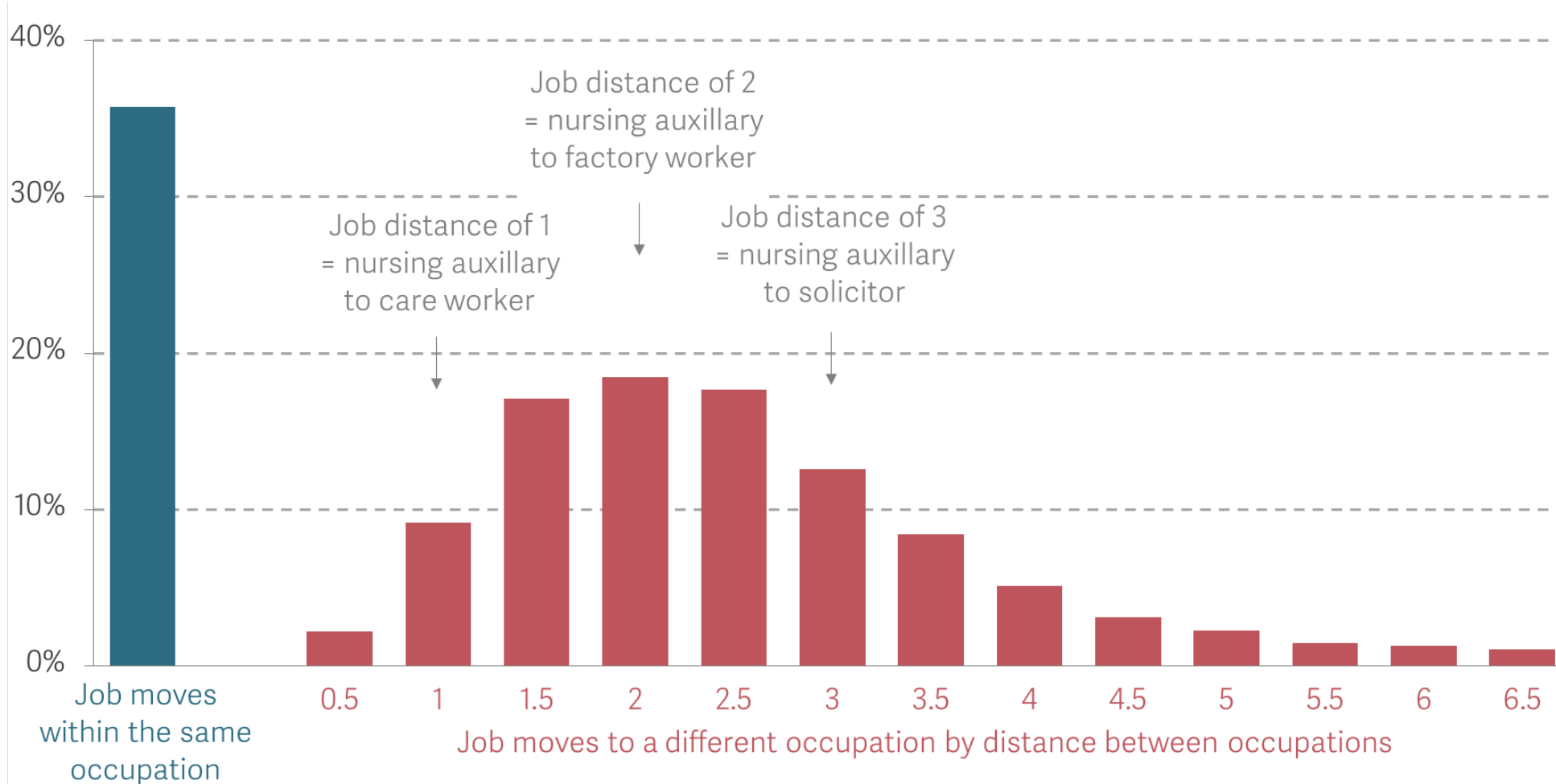


1. The US's 'Onet' database breaks down occupations into a set of task types
  - Non-routine analytical
  - Non-routine personal
  - Non-routine physical
  - Routine cognitive
  - Routine manual
2. The importance of each task is rated for each occupation; the more dissimilar the set of tasks required, the greater is the 'distance' between occupations



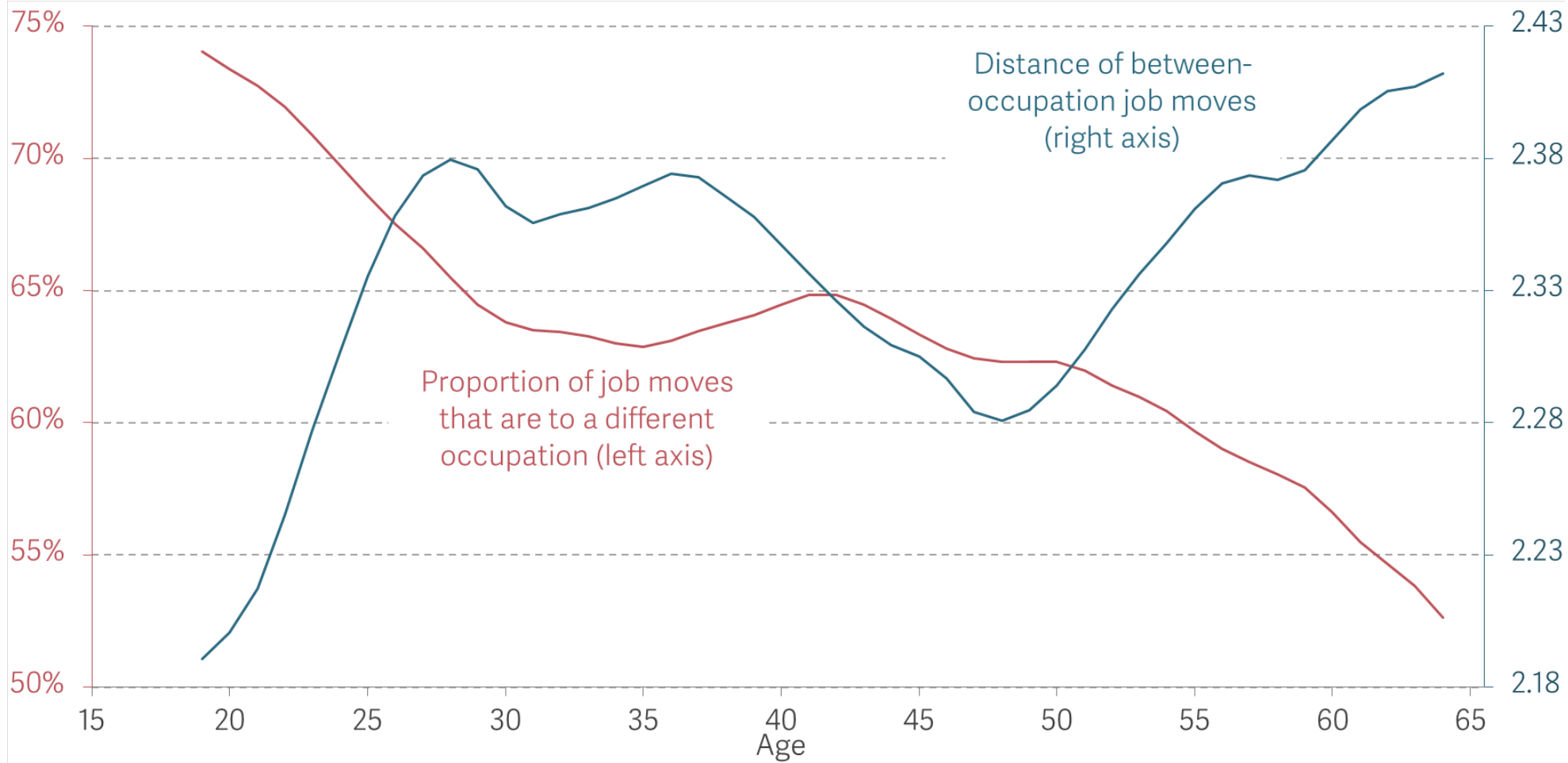
# We can measure the 'distance' and 'direction' of workers' job moves

Distribution of 'task requirement distance' involved in workers' job moves: UK, 2002-20



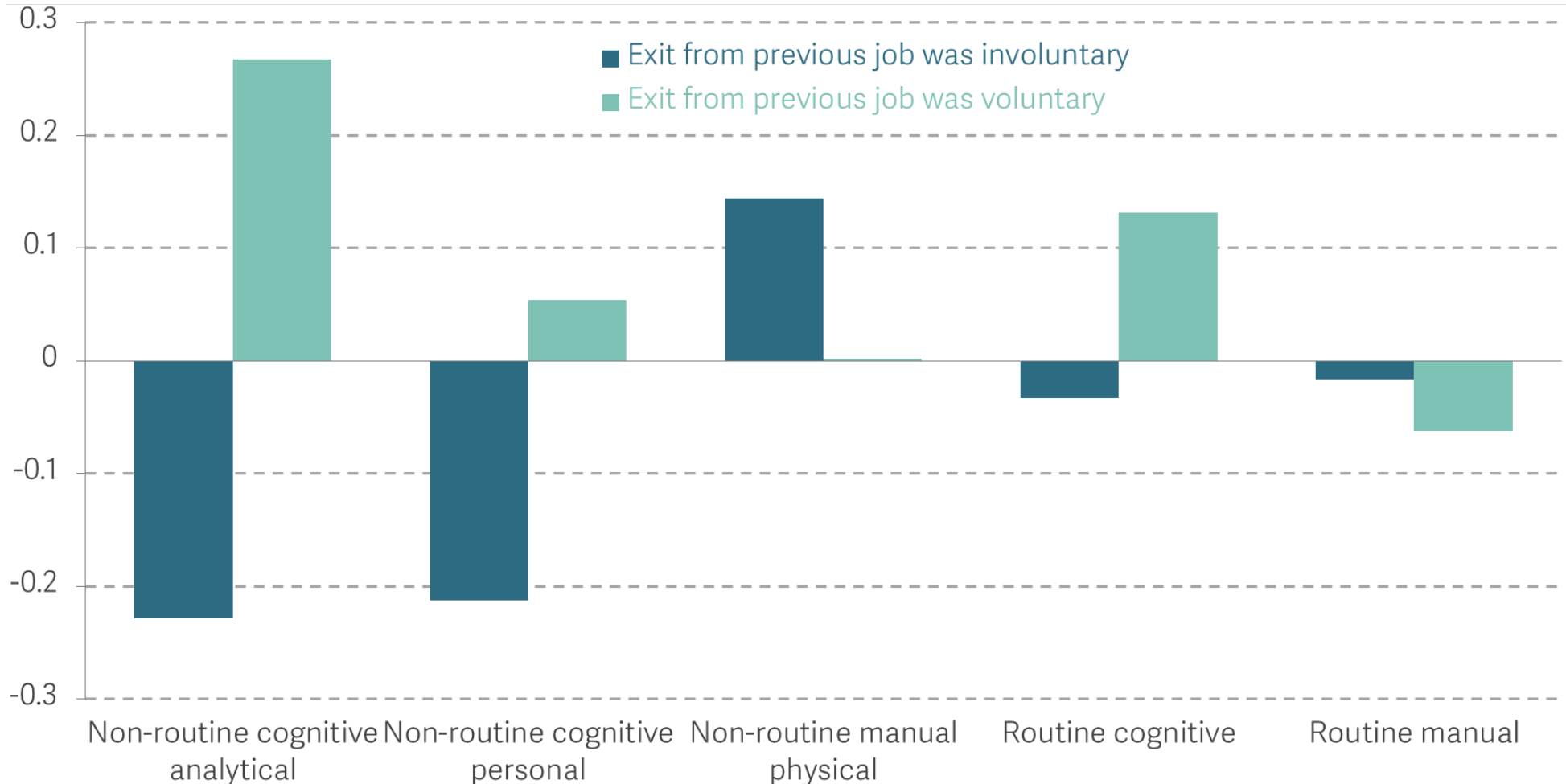
# Young workers are more likely to change occupation when they move job, but older workers are more likely to make 'bigger' moves

Proportion of job moves to a different 4-digit occupation, and average tasks requirement distance involved in occupational move, by age: UK, 2002-2020



# Workers who left their job involuntarily 'move away' from analytical and personal tasks

Changes in tasks requirements across job moves by reason for leaving previous job:  
UK, 2002-2020





# Lessons for the 2020s

# Brexit + Covid + net zero = more structural change in the 2020s



- It's important to get our facts straight on economic change
  - Recently there hasn't been much of it
  - Winners as well as losers
  - Sectoral adjustment doesn't rely on job losses
- Lessons for policy makers
  - Prepare for more change in the 2020s than we are used to
  - Maximise benefits (help workers move)
  - Worry about involuntary job losses
  - Pace of change is important in determining how change plays out



Thank you