



Job Quality and Economic Mobility

Potential Mechanisms, an Empirical Approach, and Directions for Research

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A growing body of research identifies the importance of different aspects of job quality for a range of worker well-being outcomes. Whether jobs offer decent wages, provide adequate hours on predictable schedules, deliver retirement and health benefits, foster safe and respectful working conditions, and so on, matters in various ways for the financial and economic well-being, physical and mental health, and general happiness and satisfaction of workers. These aspects of job quality also potentially affect worker economic mobility. In this brief, we describe mechanisms that may link job quality and economic mobility, conduct an illustrative empirical analysis to explore and describe relationships between job quality and economic mobility, and discuss directions for future research that might more precisely identify these relationships.

Research findings on how aspects of job quality affect worker well-being outcomes support a set of both research and policy agendas to better understand job quality trends, identify the determinants and consequences of job quality, and develop interventions or policy solutions that can improve the quality of jobs. A largely separate line of investigation has focused on general trends in economic mobility in the United States, with recent research highlighting limited or declining upward mobility for some workers (Acs and Zimmerman 2008; Chetty et al. 2014, 2017). Research into understanding the determinants of economic mobility naturally focus on broad economic trends arising from factors such as technological changes, policy environments, institutional contexts, or features of the labor market. Less well studied, but at least suggested by the research on job quality, are possible mechanisms that link the quality of jobs, either directly or indirectly, to mobility outcomes (Congdon et al. 2020).

In this brief, we build on this this body of evidence on job quality and begin to connect it more closely with research questions related to economic mobility. The brief proceeds in three parts: first, we briefly review some of the existing research on the connections between job quality and worker well-being in general, noting that connections to longer-run outcomes including economic mobility are generally less studied. We extend our previous review by summarizing some key mechanisms by which job elements may affect economic mobility, such as by providing human capital, or improving worker productivity, suggested by that literature. Second, we provide a preliminary analysis of how longitudinal data with rich information on job quality can be analyzed to better understand how job elements are associated with mobility. Third, we discuss possible future research that could be done to more closely analyze the link between job quality and economic mobility.

This analysis is part of a larger project exploring job quality and worker mobility. In previous work, we developed a framework for considering definitions of job quality and reviewed the evidence on the connections between elements of jobs and worker well-being, with a focus on economic mobility (Congdon et al. 2020). This project also includes work outlining a research agenda for better understanding the connections between job quality and worker outcomes, including economic mobility (Loprest, Katz, and Shakesprere 2021), as well as a brief that investigates the job quality elements different workers value in jobs (Scott and Katz 2021). This brief provides an illustrative empirical analysis of how job quality measures can be connected to economic mobility measures.

Background and Context

A large and growing research literature has focused on understanding how job quality, as characterized by elements of jobs—from wages, to the presence and generosity of benefits, to working conditions and task composition—matters for worker welfare. The welfare concepts considered in this research are often, but not always, point-in-time measures of outcomes such as financial and economic well-being, physical and mental health, and the general happiness and satisfaction of workers. However, elements of this literature and findings from related lines of research, briefly summarized in the sections below, suggest that job quality might be connected to longer-run outcomes for workers, in particular their subsequent economic and earnings mobility.

Job Quality and Worker Welfare

Good jobs mean better outcomes for workers, their families, and their communities. Although many open questions remain about what elements of jobs relate to which outcomes, at what magnitude, and by what mechanisms, empirical research has begun to characterize the shape and nature of these relationships, as summarized in an earlier paper (Congdon et al. 2020). Table 1, reproduced from that paper, gives an overview of selected findings from the literature. Although findings vary, better wages, benefits, schedules, and working conditions are often associated with better economic, subjective well-being, and health outcomes. Aspects of workplace culture and job design are found to relate to measures of worker satisfaction. And employer-provided training can raise workers' wages.

TABLE 1

Evidence on Good Jobs*Selected findings from the literature relating elements of jobs to worker well-being*

Job element	Study	Finding
Pay		
Pay level	Kahneman and Deaton (2010)	Positive effect of income on life satisfaction
Relative pay	Sullivan and von Wachter (2009)	Lower earnings linked with higher mortality
	Dube, Giuliano, and Leonard (2019)	Increases in peer wages lead workers to quit
Benefits		
Health insurance	Garthwaite, Gross, and Notowidigdo (2014)	Some workers with low incomes take work to obtain access to health insurance
Retirement plans	Thaler and Benartzi (2004)	Well-designed employer-based retirement savings plans increase retirement wealth
Leave	Bullinger (2019)	Paid family leave is associated with better maternal mental health
Education benefits	DeRigne, Stoddard-Dare, and Quinn (2017)	Paid sick leave is associated with better access to preventive health care
	Flaherty (2007)	Tuition reimbursement is associated with workers remaining at a job longer
Working conditions		
Adequate hours	Braga, Brown, and McKernan (2019)	Many part-time workers would prefer to work more hours than offered
Stable/predictable schedules	Schneider and Harknett (2019)	Poor schedules are associated with psychological distress
	Mas and Pallais (2017)	Workers are willing to accept reduced wages to avoid unpredictable schedules
Control over hours/location	Moen et al. (2016)	Flexible working hours improve job satisfaction and may reduce stress
Job security	Wiswall and Zafar (2018)	Workers are willing to accept lower wages for lower chances of dismissal
Safety	Viscusi and Aldy (2003)	Less safe jobs pay workers higher wages
Business culture and job design		
Mission	Hedblom, Hickman, and List (2019)	Jobs with social impact attract more applicants
Autonomy	Bryce (2018)	Work with characteristics associated with greater autonomy is found more meaningful
On-the-job skill development		
Training	Parent (1999)	Employer-provided training raises wages

Notes: This table is taken from Congdon et al. (2020). It includes only a selection of research studies summarized in that report.

Job Quality and Worker Mobility

Many studies that relate job quality to worker welfare consider relatively static forms of the relationship in relatively short-term measures. For example, studies find that workers prefer predictable schedules in current job opportunities (Mas and Pallais 2017) or that workers appear to find jobs that provide greater autonomy more meaningful (Bryce 2018). Some of these studies, however, identify or suggest potentially more dynamic or longer-run relationships that include possible connections between job quality and economic mobility. Although an empirical connection between job quality and mobility is not well established in the research, available evidence combined with economic theory suggest several potential mechanisms, which we discuss in turn.

INTERNAL LABOR MARKETS

A relatively direct link between job quality and economic mobility could exist if different jobs provided differential access to internal labor markets with more or less defined career paths or better or worse prospects for advancement. Workers with jobs that provided such opportunities might experience greater wage growth and economic mobility (Doeringer and Piore 1970). One concern, for example, about fissured workplaces, where roles such as janitorial services are spun off into separate firms, is that such outsourcing might limit upward mobility because internal labor markets that once provided opportunities for advancement are disrupted (Weil 2014).

Empirical evidence that jobs offering opportunities for advancement lead to better economic outcomes for workers over time is somewhat thin. Some findings show worker preferences for jobs that provide these opportunities, with some workers willing to accept lower starting wages for higher rates of earnings growth (Wiswall and Zafar 2018). Differences at the firm level (also known as firm effects) do appear related to earnings growth for workers. For example, Abowd, McKinney, and Zhao (2018) found that workers at high-paying firms have a higher chance of moving up the earnings distribution than workers at lower-paying firms. The causes of these effects are not well understood, however, and are not linked to particular job characteristics or firm practices such as access to internal labor markets.

Note, as well, that the potential for job quality to affect mobility through internal labor markets is countered by evidence indicating that changing jobs is an important and perhaps the dominant mechanism by which workers, especially those paid low wages, achieve wage gains (Haltiwanger et al. 2018; Topel and Ward 1992). This evidence is not necessarily inconsistent with internal labor markets providing a mechanism relating jobs to mobility, other things remaining equal. And the wage gains from job-to-job changes might themselves be related to firm-specific factors (Haltiwanger, Hyatt, and McEntarfer 2018). But it might be that aspects of job quality that better enable or position workers to make those moves are more important than internal labor markets at a firm.

HUMAN CAPITAL DEVELOPMENT

Another way job quality may be linked to later economic mobility is through aspects of jobs that provide or enable human capital development. Jobs including elements that help workers build skills that have returns in the labor market potentially provide a path for workers to earn higher wages and achieve upward economic mobility. These job elements might include, for example, benefits such as tuition

reimbursement programs (Cappelli 2004). They might also include jobs that offer formal on-the-job training or skill development opportunities. An important qualification for the effects of employer-provided training is the extent to which it is general (valuable outside of the current job) versus firm specific (Acemoglu and Pischke 1998, 1999; Becker 1962; Naidu and Sojourner 2020). Although both forms of training would be expected to raise wages, firm-specific training will only be expected to produce this effect while employees remain with the providing firm. Parent (1999), for example, found that training with a current employer raises wages but might reduce mobility.

Beyond formal training or educational opportunities associated with a job, other characteristics of jobs potentially mediate the extent to which workers can build skills and develop human capital that could lead to upward mobility. For example, features of job design and specification, such as the task content or task diversity of a job or the degree of autonomy afforded workers on the job, might influence the extent to which workers are able to develop skills that enable them to climb occupational and earnings ladders. Evidence that otherwise similar workers who are paid low wages experience different likelihoods of upward transitions depending on their starting occupation is at least broadly consistent with this mechanism (Gabe, Abel, and Florida 2019; Mouw and Kalleberg 2010). That is, there might be important sources of variation across occupations that pay low wages, related to the types of learning workers are able to do on the job, that might place them on better or worse footing.

Finally, in addition to formal or informal training and skill development opportunities provided or offered through work, other aspects of jobs might enable or inhibit the ability of workers to acquire human capital. For example, irregular or unpredictable schedules might limit the ability of workers to take college courses or work toward training or certificate programs outside of work, with potentially negative implications for their prospects for upward mobility. And some evidence finds that workers report that unpredictable schedules present a barrier to furthering their education in this way (Dickson, Golden, and Bruno 2018).

WORKER PRODUCTIVITY

Another way by which the quality of the current job might affect the later economic mobility of a worker is how job quality may relate to worker productivity. This mechanism may operate in a broadly similar fashion as in efficiency wage models, in which higher levels of wages can cause workers to be more productive (Shapiro and Stiglitz 1984). One emerging and particularly intriguing example of this mechanism comes from research in psychology and behavioral economics finding that conditions of scarcity—financial or otherwise—can impair decisionmaking (Mani et al. 2013; Mullainathan and Shafir 2013). In this way, jobs that offer low pay, unpredictable schedules, or are otherwise characterized by features that tax mental bandwidth might cause workers to be less productive, and consequently less upwardly mobile. In one study in a developing country, Kaur and colleagues (2021) found evidence that financial strain can reduce worker productivity. Other, similar effects might operate through job elements beyond pay—for example, access to health insurance through work might improve worker health in ways that improve productivity and enable upward mobility.

LABOR FORCE ATTACHMENT

Another potential causal mechanism linking job quality to mobility is through any persistent effects of job characteristics on labor force attachment. Evidence suggests that workers who spend time out of the labor force are likely to have lower employment and earnings outcomes over time than people regularly working. Some elements of jobs—in particular, whether they offer paid or unpaid leave (such as family or medical leave) or flexible work arrangements (such as flexible hours or location)—might promote labor force attachment. However, this is a complex issue with mixed findings. Some evidence exists that having unpaid leave available may increase the likelihood workers return to work (Baum 2003), although the effect of paid or unpaid leave on later employment or earnings has been found to be small (Bailey et al. 2019; Bana, Bedard, and Rossin-Slater 2018; Waldfogel 1999).

JOB LOCK

Note, finally, in some instances certain job features might make them appear better on contemporaneous measures of worker outcomes but impair longer-term economic mobility outcomes. In particular, in the United States, evidence exists that employer-provided health insurance can lead to what has been termed *job lock*, leading workers, including those paid low wages, to be less likely to change jobs so they can maintain their health insurance (Bansak and Raphael 2008; Gruber and Madrian 1997; Hamersma and Kim 2009). To the extent that switching jobs is important for upward economic mobility, elements of jobs that reduce job switching potentially depress such mobility. Job lock in the case of health insurance also highlights the importance of considering the policy context, in that more limited access to health insurance from nonemployer sources in the US contributes to this effect.

Empirical Illustration

A general empirical approach to investigate the role of any effects of aspects of job quality on economic mobility is to look for evidence of how and whether earnings and employment outcomes evolve differently for otherwise similar workers in jobs with different combinations of job quality elements. One way to implement this approach is to use longitudinal data on worker earnings, along with data on the characteristics of workers and their jobs.

We illustrate this approach by using the Panel Study of Income Dynamics (PSID). The PSID is a longitudinal household survey that began in 1968 and collects information on households in regular follow-up waves (annually to 1997; biennially thereafter).¹ The survey's core module includes measures of employment and earnings, allowing us to examine economic mobility. Although the survey does not collect detailed job quality information in most years, we took advantage of a one-off module that collected an unusually rich set of information on job characteristics of employed household heads (survey reference persons) in the 1984 wave. Using an approach broadly similarly to that of Acs and Zimmerman (2008) and taking 1984 as our starting point, we looked at relative and absolute measures of economic mobility for these workers over the subsequent 10 years, to 1994, relating their economic mobility over this period to the characteristics of their job in 1984.

It is important to note that the approach taken here is a purely descriptive exercise. Although it illustrates an approach and a type of data source in which job quality measures can be related to economic mobility, we do not identify causal relationships between job quality and economic mobility, and our results should not be interpreted as such. Combining these types of data with plausibly exogenous sources of variation in job quality in future research could permit such analysis and interpretation, and we discuss possible directions for this type of study in this brief’s conclusion.

Job Quality in the PSID

The 1984 PSID wave complemented standard employment and earnings questions with a set of more detailed questions on additional aspects of job quality. These questions, which focused principally on benefits, asked whether workers were offered a retirement plan; medical, dental, or life insurance; or family leave (paid or unpaid), paid sick leave, or paid vacation time. These questions were posed to a subsample of 4,362 employed household heads (now referred to as survey reference persons). Table 2 shows the percentage of respondents reporting having each benefit through their work.

TABLE 2
Job Quality Measures and Frequencies in the 1984 PSID
Percentage of respondents with benefit

Job quality element	Yes	No	Don't know	Not applicable
Retirement or pension	51.9	45.0	2.7	0.4
Medical insurance	69.7	29.0	1.0	0.4
Dental insurance	46.2	52.6	0.7	0.4
Life insurance	55.5	41.3	2.9	0.4
Family leave	47.4	45.6	6.5	0.6
Paid family leave	24.1	20.4	2.6	0.2
Paid sick leave	64.1	34.5	1.0	0.4
Paid vacation	81.2	17.4	0.8	0.5

Source: Authors’ analysis of 1984 PSID data.

Notes: Tabulations are percentages among the sample of the 1984 PSID asked this set of questions (employed heads of household). Rows may not total to 100 percent because of rounding. “Paid family leave” was asked only of individuals responding “Yes” to having “family leave.” N = 4,362.

The most common benefit in this sample was paid vacation or personal days, which more than four in five respondents reported. Other forms of paid leave were less common, with less than one quarter of the sample receiving paid family leave. Roughly half of the sample reported eligibility for a retirement or pension plan.² Nearly 70 percent of the respondents received medical insurance from their employer, with fewer getting dental or life insurance.

Table 3 shows how benefit measures are correlated at the worker level. In general, these benefits are positively correlated with each other, but imperfectly. This lack of strong correlation suggests a fair amount of variation in the quality of jobs held by this sample of respondents, at least by these measures. A few patterns are noteworthy. One is that insurance benefits are relatively highly correlated: medical,

life, and dental insurance tend to come together to a fair degree. Paid vacation days and paid sick days are relatively highly correlated with each other; family leave is somewhat less correlated. Retirement benefits correlate somewhat more closely with insurance benefits than leave benefits.

TABLE 3
Job Quality Correlations in the 1984 PSID
Correlations of job quality variables

	Retirement or pension	Medical insurance	Dental insurance	Life insurance	Family leave	Paid sick leave	Paid vacation
Retirement or pension	1.00						
Medical insurance	0.64	1.00					
Dental insurance	0.67	0.70	1.00				
Life insurance	0.64	0.70	0.67	1.00			
Family leave	0.45	0.44	0.49	0.48	1.00		
Paid sick leave	0.61	0.62	0.62	0.58	0.21	1.00	
Paid vacation	0.59	0.64	0.58	0.59	0.43	0.65	1.00

Source: Authors' analysis of 1984 PSID data.

Notes: The table displays a matrix of pairwise correlation coefficients for job quality measures within the sample of the 1984 PSID asked this set of questions (employed heads of household). Darker colors represent higher correlations. $N = 4,362$.

Economic Mobility Using the PSID

To examine economic mobility in the PSID and how it relates to job quality, we considered both relative and absolute changes in earnings for this 1984 sample over the following decade. We examined whether otherwise similar workers experienced a greater or lesser degree of economic mobility depending on the characteristics of the job they held in 1984.

Table 4 provides some descriptive information on the characteristics of this sample. Most individuals were white, and the sample was predominantly male, which limits the generalizability of estimates based on this sample.³ Roughly 4 in 10 workers in this sample had some education beyond high school; slightly fewer had a high school education only.⁴ By definition, as noted above, the sample was essentially entirely employed. The ratio of full-time to part-time workers is about 3 to 1. Median labor earnings reported by this group was \$19,500 in 1984 dollars.⁵

TABLE 4

Characteristics of the Employed Head of Household 1984 PSID Sample*Percentage of sample, except where noted*

Worker Characteristic	
White	84.6%
Female	24.6%
Education level	
High school	37.9%
More than high school	42.6%
Employment status	
Full-time	73.5%
Part-time	25.5%
Age (mean)	39.4%
Earnings from work (1984\$) (median)	\$19,500
Annual work hours (mean)	2,002

Source: Authors' analysis of 1984 PSID data.

Notes: Tabulations are among the sample of the 1984 PSID asked this set of questions (employed heads of household), using 1984 cross-sectional weights. $N = 3,246$.

To characterize the intermediate-term economic mobility of these workers, we examined absolute and relative growth in their earnings from work between 1984 and 1994. To develop a measure of relative mobility, we sorted workers into earnings quintiles in both 1984 and 1994 and estimated the likelihood that workers would be in a higher quintile in 1994 than in 1984, conditional on the characteristics noted above. For a simple measure of absolute mobility, we calculated the cumulative percentage growth in earnings from work over the decade for each worker, again estimating the relationship of earnings growth to the baseline demographic and labor market characteristics noted above. We focused, in most specifications, on workers who were in the bottom two quintiles of earnings in 1984.

Table 5 presents results for regressions of our measures of both relative and absolute mobility on worker characteristics. The middle column relates worker characteristics to an indicator for whether a worker in the bottom two quintiles of earnings in 1984 was in a higher quintile in 1994, which is used as a general measure of relative income mobility. The results show how the likelihood of upward mobility by this measure relates to worker demographic characteristics and employment status. Overall, over this period, workers in these groups show a fair degree of upward mobility; 57 percent of workers who started in the bottom two quintiles in 1984 were in a higher earnings quintile in 1994. The regression coefficients show the change in the likelihood that a worker in the bottom two quintiles in 1984 would be in a higher quintile in 1994 associated with the indicated characteristics. White and male workers in this sample were more likely to be upwardly mobile, though these effects are not statistically significant. Younger workers were more likely to move up than older workers. Higher education levels, in particular having more than a high school education, display a positive association with relative mobility (relative to the excluded category of less than high school).

TABLE 5

Relative and Absolute Economic Mobility in the PSID between 1984 and 1994

Worker characteristic	Relative	Absolute
White	0.0341 (0.0385)	0.4373 (0.4104)
Female	-0.0124 (0.0390)	-0.7700 (0.4283)
Age	-0.0156* (0.0012)	-0.0903* (0.0151)
Education level		
High school	0.0449 (0.0434)	0.7391* (0.3231)
More than high school	0.1260* (0.0483)	2.4371* (0.8636)
Employment status		
Full-time	-0.1739* (0.0339)	-2.0259* (0.5999)
Constant	1.1887* (0.0674)	5.4500* (0.7167)
R^2	0.24	0.07
n	1,045	1,062

Source: Authors' analysis of PSID data.

Notes: The column labeled "Relative" reports a linear probability regression model estimating the relationship between the likelihood of workers in the bottom two quintiles in the labor earnings distribution in 1984 moving to a higher quintile of the corresponding 1994 distribution and selected worker demographic, education, and employment characteristics. The column labeled "Absolute" reports a linear regression model estimating the relationship between the nominal, cumulative earnings growth of workers in the bottom two quintiles in the labor earnings distribution in 1984 between 1984 and 1994 and the same characteristics. Standard errors are in parentheses. * = significant at 0.05 level.

To describe relationships for absolute economic mobility, we performed a similar estimation by looking at predictors of (nominal, cumulative) earnings growth rates over this same period. These relationships are presented in the rightmost column of table 5. Results show how earnings growth over this period relates to workers' demographic characteristics and employment status. Workers in this sample, overall, tended to experience earnings gains; median cumulative, nominal labor earnings growth for all workers in this sample over this period was approximately 45 percent. Considering the correlates of this measure of upward economic mobility, in this specification the positive association of education and earnings is again evident, and rising with level of education. A negative relationship with age also remains, and the differences in earnings growth for men and women approach statistical significance. Overall, however, this set of covariates explains relatively little of the overall variation in earnings growth across workers in this sample.

Mobility and Job Quality in the PSID

To investigate how initial job quality mediated these mobility relationships, we added the job quality variables, above, to regressions of the same form. Table 6 repeats the relative mobility regressions from table 5, but with job quality variables.

TABLE 6

Relative and Absolute Economic Mobility in the PSID between 1984 and 1994, by Job Quality

Job quality variable	Relative	Absolute
Retirement or pension	-0.0024 (0.0448)	-0.3882 (0.2971)
Medical insurance	-0.0448 (0.0510)	-1.1269 (0.6514)
Dental insurance	0.0149 (0.0462)	0.1365 (0.3347)
Life insurance	-0.0558 (0.0474)	-0.0385 (0.4013)
Family leave	0.0111 (0.0400)	0.9501 (0.8660)
Paid sick leave	0.1317* (0.0441)	-0.3944 (0.4779)
Paid vacation	-0.0561 (0.0548)	-1.9286 (1.2518)
R^2	0.25	0.09
n	886	901

Source: Authors' analysis of PSID data.

Notes: The column labeled "Relative" reports a linear probability regression model estimating the relationship between the likelihood of workers in the bottom two quintiles in the labor earnings distribution in 1984 moving to a higher quintile of the corresponding 1994 distribution and job characteristics. The column labeled "Absolute" reports a linear regression model estimating the same relationship for the nominal, cumulative earnings growth of workers in the bottom two quintiles in the labor earnings distribution in 1984 between 1984 and 1994. Controls for demographics, education, and employment status were included but are not reported. Standard errors are in parentheses. * = significant at 0.05 level.

Although the relationships are not, for the most part, statistically significant, some signs and patterns are notable. For relative mobility, reported in the middle column of table 6, medical insurance and life insurance are weakly negatively related to upward mobility. Retirement plans and dental insurance have coefficients close to zero, but they are not precisely estimated. Leave benefits do not enter with a clear pattern, but sick leave is positively and significantly associated with upward mobility. The coefficient implies that otherwise similar workers in otherwise similar jobs that offer sick leave benefits are 13 percentage points more likely to have moved up the income distribution a decade later.

The rightmost column of table 6 repeats the absolute mobility regression, but with the inclusion of the job quality variables. The relationships are again not strong, but they include some suggestive patterns. Retirement plans enter negatively with respect to earnings growth. Insurance benefits have mixed signs, with medical insurance again exhibiting a negative and, here, marginally significant (at the

10 percent level) effect on earnings growth. Leave benefits do not enter with a clear pattern. Overall, the results of these estimations do not suggest strong, independent effects of these measures of job quality on the measures of mobility for these workers in this time period. Given some of the limitations of the present analysis, which is discussed in more detail below, it is difficult to conclusively interpret these results. Additional research is needed, and promising directions for future work to more precisely identify and estimate these relationships are also discussed below.

Limitations of This Analysis

The analysis described above illustrates a simple approach to investigating relationships between initial job quality and subsequent economic mobility but finds limited evidence of such relationships. However, it is worth reiterating several important limitations of the present analysis, which, for reasons noted above, we view as offering primarily an illustration of a type of analysis that can be done. First and principally, these results are purely descriptive; they do not identify causal relationships between job quality and economic mobility. Estimating causal relationships between job quality and mobility outcomes would require sources of identification that are absent in this analysis, approaches that we discuss in greater detail in our conclusion.

In addition, although these data work well for this exercise by virtue of providing the combination of measures of job quality and longitudinal earnings information necessary to implement this approach, the 1984 PSID employer benefits module that provides the job quality information reflects a workforce and labor market that is now nearly 40 years in the past. Changes in the composition and characteristics of the workforce since that time, along with corresponding changes in the broader economy, labor markets, and important policies and institutions that shape outcomes for workers, limit what we can infer from the results of this exercise about what these relationships might look like today. This limitation points to the need for further research and potentially the construction or collection of new data, which we also discuss in greater detail below.

Directions for Future Research

Although the empirical approach described in this brief illustrates a promising means of understanding the relationship, if any, between the quality of the job an individual holds at a point in time and that person's subsequent economic mobility, building evidence on the relevant research questions is a broader research project that requires additional data, better-specified mechanisms, and credible sources of identification. In this section we discuss important next steps for this line of research.

Identifying Causal Relationships between Job Quality and Economic Mobility

The results in this brief are purely descriptive. Even when these estimates suggest a relationship between some measures of job quality—such as sick leave or health insurance—and economic mobility, those relationships are not necessarily due to the causal effect of those job quality elements on economic mobility. For example, there could be, and likely are, unobserved differences in the types of

individuals likely to hold jobs with particular characteristics that are themselves correlated with economic mobility. An important direction for this line of research is to find plausibly exogenous sources of variation in job quality that could be used to identify such relationships.

One promising analytic avenue might be to exploit policy variation that influences job quality, such as variation in local labor market regulations across states and cities as well as over time. For example, changes in state and local wage and hour laws or regulations related to scheduling or leave policies could be used to identify the effects of those aspects of job quality. This approach would require, however, as discussed more below, longitudinal data sources necessary to observe mobility outcomes with samples that are sufficiently large to precisely measure differences across state or local areas in economic mobility outcomes. Another promising direction for this research would be to conduct field experiments, perhaps with large employers (e.g., varying some features of employment, such as scheduling or location flexibility across their workers or establishments), to directly test for effects of job quality on economic mobility.

Testing Specific Mechanisms by Which Job Quality Might Affect Mobility

A few mechanisms exist by which job quality might exert a causal effect on economic mobility, with varying degrees of associated empirical evidence. In this brief, we only tested for the existence of relationships among the available measures of job quality in the source data, without consideration of the mechanism. An important direction for this line of research would be to more precisely specify these candidate mechanisms (such as whether effects are hypothesized to be generated through skill acquisition, or enhanced productivity) and develop and implement more specific empirical tests. Such improved specification would allow us to learn more about not just the magnitude and signs of these relationships, but also their sources.

This approach also creates an opportunity for empirical work to specify the mechanisms with greater clarity and then, in the spirit of mechanism experiments (Ludwig, Kling, and Mullainathan 2011), test only some links in the causal chain where other sources of data or information might be available. For example, given the known relationships between human capital and earnings trajectories, evidence on causal relationships between job quality elements and human capital acquisition—such as whether unpredictable schedules inhibit skill formation—would by itself contribute to the broader body of evidence on job quality and economic mobility.

Understanding Heterogeneous and Interaction Effects

Beyond the main and average effects of job quality on economic mobility, another useful direction for future research would be to investigate which aspects of job quality, in what combinations, matter for the economic mobility of which groups of workers. Heterogeneous effects are likely in these relationships. Leave or flexibility benefits, for example, might be more important for the mobility outcomes of workers with young children. The effects of different nonwage job elements are also likely to vary across the earnings distribution. Different elements of job quality might also have interaction effects on economic mobility. That is, it might be that some benefits or features of jobs work together to

promote or inhibit economic mobility. These second-order effects form a significant knowledge gap, and identifying and understanding them have implications for policy.

Building Data and Measures on Job Quality and Mobility Relationships

Longitudinal data sources that combine information over time on the trajectory of individual employment and earnings outcomes with rich information on the quality of jobs, such as the 1984 PSID, in principle make this type of analysis possible, but such data sources are relatively rare. Even in this instance, although the longitudinal earnings information is detailed, the job quality information is available only from a supplemental module as part of a single wave. And even in that instance, many dimensions of job quality—such as working conditions or job design—were not captured in those (still comparatively rich) job quality data. As described in the companion brief by Loprest, Katz, and Shakesprere (2021), finding, building, matching, or collecting richer data on job quality integrated with longitudinal data on employment, earnings, and worker well-being outcomes is a critical and necessary direction for closing knowledge gaps on this topic.

Making progress on research to better understand links between job quality and economic mobility is important not only for advancing knowledge of how labor markets work, or fail to work, for workers, but also because any such relationships may have potentially important implications for economic policy and social welfare. If there are important and quantifiable long-run and dynamic effects of job quality on economic mobility, the importance of improving job quality is potentially greater than is usually assumed in weighing trade-offs for setting policy or regulatory levers. Research that provides better empirical understanding of those relationships could inform policies and reforms that improve outcomes for workers and economic outcomes in labor markets more broadly.

Notes

¹ For PSID data and documentation, see “Panel Study for Income Dynamics,” Institute for Social Research, University of Michigan, accessed January 15, 2021, <https://psidonline.isr.umich.edu/default.aspx>.

² The questions on retirement plans do not clearly distinguish the forms of plans, such as between defined contribution or defined benefit plans, though note that in 1984 defined contribution retirement plans would have been less common than today.

³ Note that before 1990 the PSID included only a relatively small sample of Hispanic/Latinx households, so we do not conduct tabulations or report results by ethnicity.

⁴ “Less than high school” is the excluded category.

⁵ For reference, median household income in 1984 was \$22,415. Alternatively, \$19,500 in 1984 dollars is about \$49,400 in 2020 dollars, adjusted using the Consumer Price Index for All Urban Consumers.

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