POLICY BRIEF
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The Role of Job-to-Job Transitions, Wages and Quality of Work in Structural Change

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HIGHLIGHTS

- Digital, green, geopolitical and demographic shifts are creating labour and skills shortages across Europe. Job-to-job transitions can serve as an adjustment mechanism, helping workers move from declining to expanding occupations. Understanding what motivates workers to make these moves is key to ensuring successful transitions.
- Occupational mobility can be either an opportunity or a risk. For many workers, it brings higher wages and improved job satisfaction; for others, especially women, older employees, and low-skilled workers, it can mean lower pay and greater insecurity.
- The provision of training measures, both by firms and through public bodies, is crucial to enable particularly older and low-skilled workers to take jobs in occupations with good future prospects.
- Policies that provide workers with clearer information about available jobs and skills, support lifelong learning, and ensure fair wages and decent working conditions can turn mobility into a real opportunity. Stronger recognition of qualifications and skills across Europe can also help make job-to-job moves a route to better jobs and better pay.
- Delivering these polices will improve worker welfare, reduce inequalities, and ease skill shortages where Europe needs talent most.

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1. The role of occupational change in structural transformation

European labour markets are currently facing several challenges, especially digitalisation, the green transition, changes to the international trade system and socio-demographic change. These developments increase labour demand for certain occupations while reducing it for others, and they are also changing the skills demanded within certain occupations. For example, the increased use of artificial intelligence (AI) has reduced non-routine abstract tasks like information gathering and increased the demand of more complex routine tasks like monitoring processes (Gathmann et al. 2024). Similarly, the green transition has changed the task profile of occupations (Bachmann et al. 2024) and the type of skills demanded on the labour market (Marin and Vona 2019). These changes can lead to the emergence of skills gaps (Vona et al. 2018).

Workers and firms have several ways to react to skills gaps. First, on-the-job training of the existing workforce can help to acquire the necessary skills. Second, raising the labour-market participation of previously un- or underemployed workers can provide valuable skills to the economy (European Commission 2025). Third, workers may change their job, i.e. engage in job-to-job transitions. If these job changes also involve a change in occupation, they can help to support the structural transformation of the labour market as they allow workers to move from declining to growing occupations.

Worker mobility between jobs and occupations often involves a loss of human capital, i.e. skills and knowledge used in the previous job may not be relevant for the new job. Therefore, there must be incentives for workers to compensate them and to engage in job-to-job transitions despite this loss of human capital. First and most fundamental, employment opportunities provide such an incentive. If layoffs and the risk of job loss are high in a specific occupation, but employment prospects are much better in another occupation, workers are likely to move to the more promising occupation. Second, wages provide an important incentive to move to a different occupation. Third, non-wage factors can play an important role. Such factors can be summarised by job satisfaction which therefore can provide an important incentive to engage in a job-to-job transition.

2. Evidence and analysis

2.1. Occupational mobility and wages

The SkiLMeeT project analyses various pathways to reduce skills gaps and shortages. Given the importance of job-to-job transitions for structural change and their implications for worker welfare, Bachmann et al. (2025a) perform an in-depth analysis of these issues. The study investigates job and occupational mobility and their consequences (in particular for wages) for a large sample of European countries for the period 2011-2018.

The study uses individual-level data from the European Statistics on Income and Living Conditions (EU-SILC). It provides a set of stylised facts on occupational mobility and its link to worker welfare, especially wages, in the European Union using worker-level data for the periods 2011-14 and 2015-18, updating and extending Bachmann et al. (2020). Given that the job change variable,

which is crucial for conducting an analysis of occupational mobility, was discontinued in EU-SILC after 2020, this is the last update using these data for the foreseeable future.

In their study, Bachmann et al. (2025a) provide nine stylised facts:

1. Occupational mobility in European labour markets is sizeable: in the European countries considered, on average, 3% of workers change their occupation, and around 6% of workers change their job from one year to the next. Cross-country differences in both job and occupational mobility are large. Occupational mobility ranges from close to 0% (Italy) to around 9% (Sweden), while job mobility ranges from about 3% in Italy to over 20% in Sweden. This implies that this margin of adjustment to structural change is important, but its importance varies across countries.

2. Occupational mobility differs strongly between socio-economic groups: Women are less occupationally mobile than men; younger workers are more mobile than older workers; workers with a higher education level are more mobile than workers with a lower education level; and persons with part-time contracts show higher occupational mobility than full-time employees. This result shows that labour-market mobility, while an important adjustment mechanism to structural change, is used unequally by socio-economic groups. This type of mobility may therefore increase existing labour-market inequalities.

3. Between the periods 2011-14 and 2015-18, job and occupational mobility increased. It seems likely that the Great Recession reduced direct job-to-job mobility and occupational mobility and that the following economic expansion which reversed these changes. More generally, occupational mobility through direct job-to-job transitions therefore seems to be more pronounced during more tranquil economic times when voluntary mobility is higher (see also point 5 below). However, it is likely that more turbulent periods see more occupational mobility through unemployment, at the expense of direct job-to-job mobility.

4. Fourth, the periods 2011-14 and 2015-18 display differences in the importance of socio-economic characteristics. These differences, e.g. between women and men and between workers with low and medium qualification levels, are smaller in the period 2015-18 than in the period 2011-14. Conversely, older workers display a lower probability of occupational change in the later period than in the earlier one, as do the most highly qualified employees and those with young children. Occupational differences have also widened in the later period. The period 2015-18 therefore seems to have provided more equal labour-market trajectories for some worker groups than the period 2011-14 that was influenced strongly by the Great Recession.

5. Another consequence of the Great Recession can be seen in the higher share of involuntary occupation changes in all occupation changes in the period 2011-2014 compared to the period 2015-18. Involuntary occupation changes are particularly pronounced in the earlier period in the Southern European countries most strongly hit by the Great Recession.

6. Voluntary occupational mobility is less frequent amongst women and older workers. Older workers also show a higher probability of involuntary occupational mobility.

7. Occupational mobility is strongly linked to wage mobility. Workers who change occupation are much less likely to stay in the same decile of the wage distribution than workers who stay in their occupation.

8. Independently of occupational mobility, women (compared to men), and low-skilled workers (compared to medium-skilled workers) are more likely to experience a downward wage transition, and less likely to experience an upward wage transition. By contrast, high-skilled workers have a higher probability of an upward wage transition than medium-skilled workers.

9. Occupation changers have a higher probability of making an upward wage transition, but also a higher probability of making a downward wage transition, than occupation stayers. Upward wage transitions are much more likely for workers who make a voluntary occupation change, whereas downward wage transitions are much more likely for workers who make an involuntary occupation change. These results indicate that voluntariness is a key determinant of whether occupational mobility is associated with wage gains or losses.

Summarising these results, it becomes apparent that job-to-job transitions involving an occupation change are sizeable in many European countries and therefore provide an important adjustment mechanism to structural change. Such transitions are also likely to improve worker welfare through upward wage mobility. However, the benefits from occupational mobility are unequally distributed, leaving some worker groups at risk of wage losses and therefore lower welfare.

2.2. Occupational mobility, working conditions and job satisfaction

The fact that workers change occupations, as documented in the previous section, does not guarantee that they automatically move into shortage occupations. Indeed, a recent analysis of German administrative data (Bachmann and Heinze 2025) shows substantial outflows of skilled employees from occupations with severe shortages. Therefore, job-to-job transitions might increase, rather than reduce, skill shortages. As a growing body of evidence show, working conditions play an important role in occupational changes. Beyond wages, factors such as workload, job security and work–life balance are key determinants of whether occupations can attract and retain workers.

For instance, Hauret and Martin (2023) find for the low-skilled occupations in Luxembourg that wage levels in shortage occupations are not necessarily lower than in similar non-shortage occupations. In some cases, they are even slightly higher, and salaries are less dependent on bonuses, overtime, or shift work. This suggests that pay alone cannot explain recruitment difficulties. Instead, non-monetary aspects such as safety, job security, flexible working hours, physical workload, etc. may discourage candidates from entering or remaining in certain jobs.

Similarly, Coutrot (2022) highlights that in France, more than half of private-sector occupations facing recruitment difficulties suffer from problems of job attractiveness linked to working conditions. Employers most often report exposure to physical constraints such as repetitive tasks, night work, handling heavy loads, unpredictable working hours, and the impossibility to "do a quality job" ("travail empêché") as major barriers to recruitment. In addition, employers reporting poor working conditions are far more likely to struggle to retain staff.

These findings are in line with Bachmann and Heinze (2025) who identify factors that attract workers to specific jobs on the German labour market. They find that higher-than-average occupational wages, full-time employment, higher job satisfaction, and lower worries about job loss are all associated with a higher probability of entering and remaining in an occupation.

Job satisfaction itself is both a determinant and a consequence of occupational mobility. Using representative German survey data, Bachmann et al. (2025b) show that job mobility is generally associated with gains in job satisfaction. Part of this improvement reflect a "catching-up effect" as job changers often report significantly lower job satisfaction in their previous jobs. The study also finds that the largest improvements in both wages and job satisfaction are observed among occupational mobility that involves a strong change in professional orientation or skill requirements. Therefore, structural change provides opportunities to improve not only workers' wages, but also their job satisfaction.

3. Policy recommendations

The presented evidence on occupational mobility, wages and working conditions has several social and policy implications.

First, it seems important to make efforts to fully utilise the potential of occupational mobility to facilitate structural change. In this context, both the labour demand side (firms) and the labour supply side (workers) should be considered. On the labour demand side, attractive wages and working conditions should be provided particularly in occupations where labour and skills shortages are most severe. On the labour supply side, information provision to workers seems an important avenue to facilitate occupational mobility. In this context, comprehensive information on job tasks, qualification requirements, wages and working conditions are particularly important.

Second, not only occupational mobility within national labour markets plays a crucial role, but labour mobility between countries can also help to address skill shortages, particularly if they go together with regional imbalances. In this context, the Treaty on the Functioning of the EU guarantees EU citizens the right to move freely for professional purposes and to establish their business in another member state. As European Labour Authority (2025) points out however, these guarantees have not been completely implemented, especially because some EU members states do not always recognise the qualifications from other EU member states. Therefore, to alleviate skills shortages in the most affected occupations and countries, the international recognition of qualifications should be improved. Furthermore, there should be a stronger focus on skills and skills-based matching rather than on formal certificates.

Third, the evidence indicates large differences between socio-economic groups in occupational and wage mobility, especially with respect to voluntary and involuntary mobility. These results make clear that structural change through job-to-job transitions and occupational mobility is easier for some worker groups than for others. Especially women, older workers and low-skilled workers are less likely to engage in voluntary occupational mobility and to experience upward wage transitions. To improve the labour-market situation of women, the EU Pay Directive can play an important role as it provides pay transparency and therefore has the potential to facilitate occupational mobility and mobility to firms with favourable wage structures.

Fourth, the provision of training measures, both by firms and through public bodies, is crucial to enable particularly older and low-skilled workers to take jobs in occupations with good future prospects. To facilitate lifelong learning, access to training should be facilitated for all worker

groups. Furthermore, workers should be provided with incentives to engage in training activities, e.g. through individual learning accounts or training leave.

Fifth, the differences between time periods show that the earlier time period (dominated by the effects of the Great Recession) features larger differences between some socio-economic groups than the later time period that was marked by sustained economic growth. Therefore, more turbulent economic times of structural change are likely to exacerbate labour-market inequalities which should therefore be placed highly on the policy agenda.

Sixth, the large cross-country variation in occupational mobility indicates that this margin of adjustment is much more pronounced in some countries than in others. Therefore, structural change of the labour market may be easier in some countries than in others. However, job-to-job transitions are only one of several margins of adjustment to structural change. In particular, the task profile of occupations can change over time (Bachmann et al. 2024), which means that structural change can also occur within occupations, i.e. without mobility between occupations. As these margins of adjustment to structural change differ strongly between countries, policies to combat skill shortages need to take into account such country specificities.

Finally, from a data policy perspective, discontinuing the EU-SILC question "Change of job since last year" in 2021 limits future research and make impossible to conduct more up-to-date analyses of job and occupational mobility as in Bachmann et al. (2020) and Bachmann et al. (2025a). Future changes to crucial datasets such as EU-SILC should therefore always consider the consequences for research.

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