

Compendium

Analysis of job changers and stayers

Composition and wage growth of job changers and stayers in the UK using Annual Survey of Hours and Earnings (ASHE) data. Data split by age, sex, contract, sector, skill, region and industry.

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Correction

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A correction has been made to Figure 12: Earnings growth for job changers in London outpaced all other regions, Median growth of hourly earnings for job changers within regions, between 2017 and 2018, UK. This was due to a small error in the data used in the chart. You can see the original content in the superseded version. We apologise for any inconvenience.

Table of contents

1. [Main points](#)
2. [Introduction](#)
3. [Job changers and stayers](#)
4. [“Within” and “between” firms](#)
5. [Composition](#)
6. [Age](#)
7. [Sex](#)
8. [Contract type](#)
9. [Sector](#)
10. [Skill group](#)
11. [Region](#)
12. [Industry](#)
13. [Conclusion](#)
14. [Authors](#)
15. [About the data](#)
16. [Methodology](#)

1 . Main points

- Job stayers on average earn a higher hourly wage compared with those who change jobs; however, workers who switch jobs experience higher pay growth compared with those who do not.
- The relatively weak pickup in wage growth in recent years, despite record low unemployment, has been driven by job stayers – who represent most of the sample.
- Job changers moving between firms have higher pay growth than those moving within firms.
- Full-time job changers experienced higher earnings growth compared with job stayers, while part-time stayers and changers experienced similar growth to each other.
- Most job changers switch jobs within the same skill level and region.
- Job changers have more varied earnings growth across regions and industries than job stayers.
- On average, around 9% of people changed jobs each year between 2000 and 2018; this ranged from a post-recession low of around 5.7% in 2010 to a high of around 10.9% in both 2017 and 2018.

2 . Introduction

Analysis of workers who switch jobs and those who stay put is an important area of the labour market. Looking at the composition and pay growth for job changers is a good way to understand the strength or weakness in the labour market. For example, pay growth for job changers is more cyclical and quicker to react to the economic downturn than pay growth for job stayers, who are more closely tied to pay settlements that lag the cycle.

The extent of job switching can also signal how well the wage mechanism is working in the labour market or if labour supply is well informed of market conditions. More people switching jobs suggests an awareness of the labour market, reducing the likelihood of asymmetric information.

Pay growth of UK workers changing jobs voluntarily might be expected to be higher on average than that of workers who stay in their position, and so, workers changing jobs also puts upward pressure on wages. When workers changing jobs secure a pay rise, the average overall wage growth increases. Consequently, companies are pressured into paying higher wages to existing staff, as well as the new staff, to encourage them to stay in the job rather than change jobs. There will also be some workers who change jobs involuntarily due to redundancies.

There has been much focus on whether the [Phillips Curve](#) has flattened or shifted downwards, reflecting the relatively subdued pickup in wage growth, given the recent record low unemployment. This may be because the pay growth or job-to-job flows for job changers has been subdued compared with historical rates. Similarly, pay growth for those staying in the same job has remained subdued – which would need to increase to support a broader rise in labour cost pressures.

This article presents analysis using the Annual Survey of Hours and Earnings (ASHE) dataset¹ from 2000 to 2018. We examine the composition and hourly earnings² of job stayers and job changers. Individuals that stay in their job over two consecutive years are referred to as job stayers, and those who have changed jobs from one year to the other are referred to as job changers. This methodology differs from the methodology used in [Employee earnings in the UK: 2018](#). For more detail on the differences, please see the methodology section of this article.

Notes for: Introduction

1. ASHE is an employer survey; hence we are unable to make inferences about whether job moves are voluntary or involuntary. However, we can observe whether pay has increased or decreased between two consecutive years. ASHE also does not cover the self-employed, who may have played a role in any structural and/or cyclical movements in flows and earnings.
2. Hourly earnings is calculated as gross pay including incentive pay, overtime and shift premiums for the reference period, divided by the total paid hours worked during that period. This is because it reflects the actual gross pay of individuals, independent of the hours they work, enabling full comparisons to be made between groups in each time period. To capture the typical experience of earnings growth, median of hourly earnings growth is calculated. This is the rate of pay growth at the centre of the distribution of earnings growth.

3 . Job changers and stayers

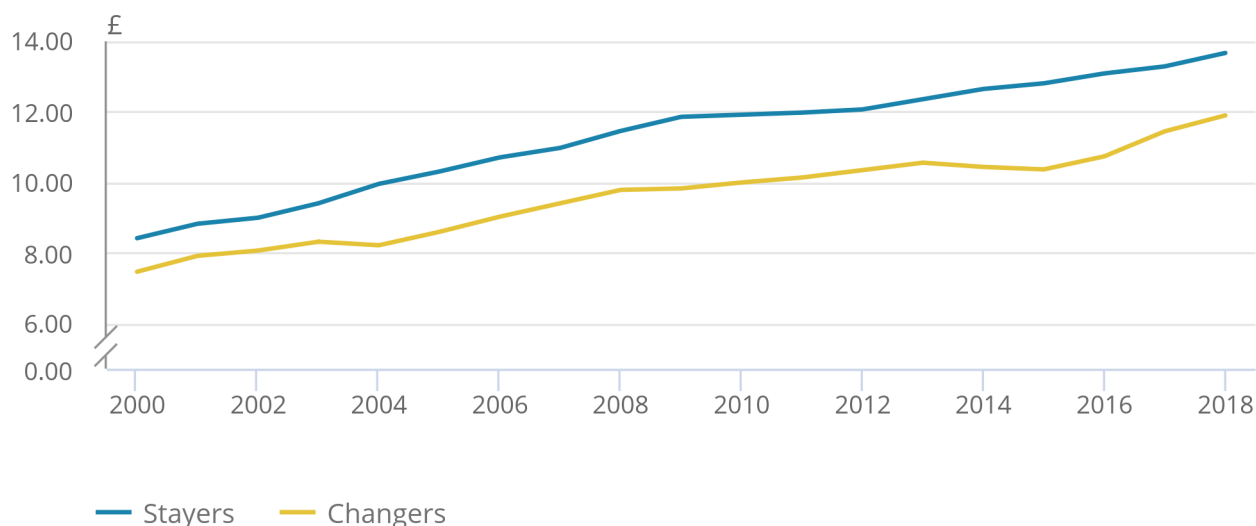
Job stayers on average earn a higher hourly wage compared with individuals who change jobs, as shown in Figure 1. This may be partly due to the skills and experience they gain by staying in a job and the nature of their employment. In 2018, the median wage for job stayers was £13.67 compared with £11.90 for job changers.

Figure 1: Job stayers earn more compared with job changers

Median hourly earnings for job changers and stayers, 2000 to 2018, UK

Figure 1: Job stayers earn more compared with job changers

Median hourly earnings for job changers and stayers, 2000 to 2018, UK



Source: Annual Survey of Hours and Earnings – Office for National Statistics

However, job changers experience higher pay growth compared with job stayers, as shown in Figure 2. This could either be due to workers on lower pay at the beginning of their careers switching jobs to achieve the level of pay of more established staff, or firms paying a higher wage to staff who have already been trained.

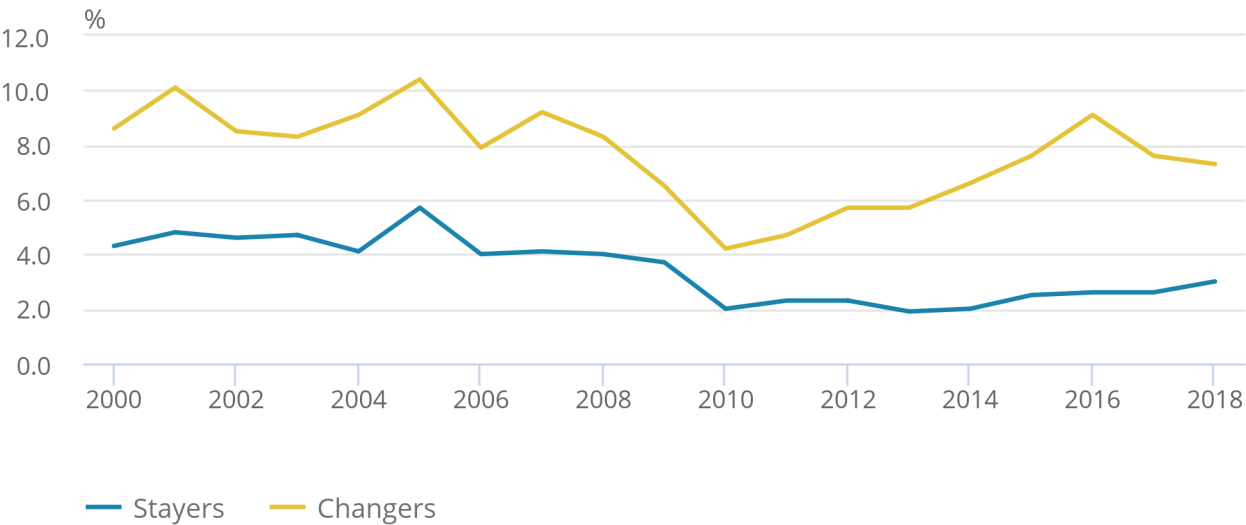
In 2018, the median of hourly earnings growth for job changers was 7.3% compared with 3.0% for job stayers. Earnings growth for job changers is more cyclical and quicker to react to the economic downturn than for job stayers, who are more closely tied to pay settlements that lag the cycle. Pay growth for job stayers in recent years has remained below the pre-downturn average.

Figure 2: Job changers experience higher pay growth compared with job stayers

Median growth of hourly earnings for job changers and stayers, 2000 to 2018, UK

Figure 2: Job changers experience higher pay growth compared with job stayers

Median growth of hourly earnings for job changers and stayers, 2000 to 2018, UK



Source: Annual Survey of Hours and Earnings – Office for National Statistics

Notes:

1. To capture the typical experience of earnings growth, median of hourly earnings growth is calculated. This is the rate of pay growth at the centre of the distribution of earnings growth. This is different from growth in median pay, which does not necessarily capture the changes in wages experienced by the majority of the continuously employed. This calculates how the pay at the centre of the distribution has changed between the periods. In other words, it shows how pay for the individual at the middle of the earnings distribution in one year compares with the pay for the individual at the middle of the earnings distribution a year later.

Although median earnings growth is a good summary measure of changing labour market conditions, it masks variation in experiences. As workers move between posts, or experience changes in their pay, the earnings of some individuals will rise in each period, while others will see their earnings fall.

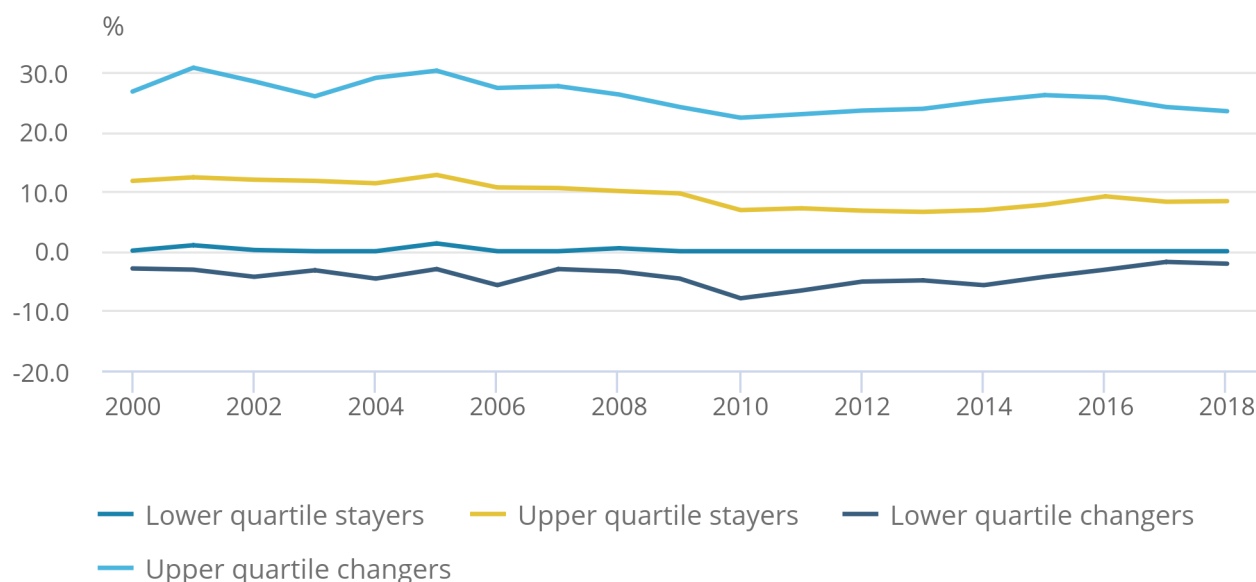
To get a more detailed perspective of wage pressure, we also examine the hourly earnings growth at the lower and upper quartiles (Figure 3). Job stayers experience no hourly earnings growth at the lower quartile, and around 10% pay growth at the upper quartile across the series. Job changers, on the other hand, have a much greater variation in pay growth, with pay falling at the lower quartile, and around 25% growth at the upper quartile.

Figure 3: Job changers have a higher variation in pay growth

Hourly earnings growth for job changers and stayers, upper and lower quartiles, 2000 to 2018, UK

Figure 3: Job changers have a higher variation in pay growth

Hourly earnings growth for job changers and stayers, upper and lower quartiles, 2000 to 2018, UK



Source: Annual Survey of Hours and Earnings – Office for National Statistics

Notes:

1. Upper quartile is the 75th percentile and lower quartile is the 25th percentile.

4 . “Within” and “between” firms

We construct a within and between firm variable to examine whether job changers can receive higher pay growth by staying in a similar job to the one they were previously in or not. Movement of workers “between” firms is defined as those workers who work in a different location compared with the year before, or have changed the industry they work in, or are in a different occupational category. In this sense, “between firm” is more a proxy for how different a job the workers are in compared with the previous year. “Within firm” will then be all the remaining individuals.

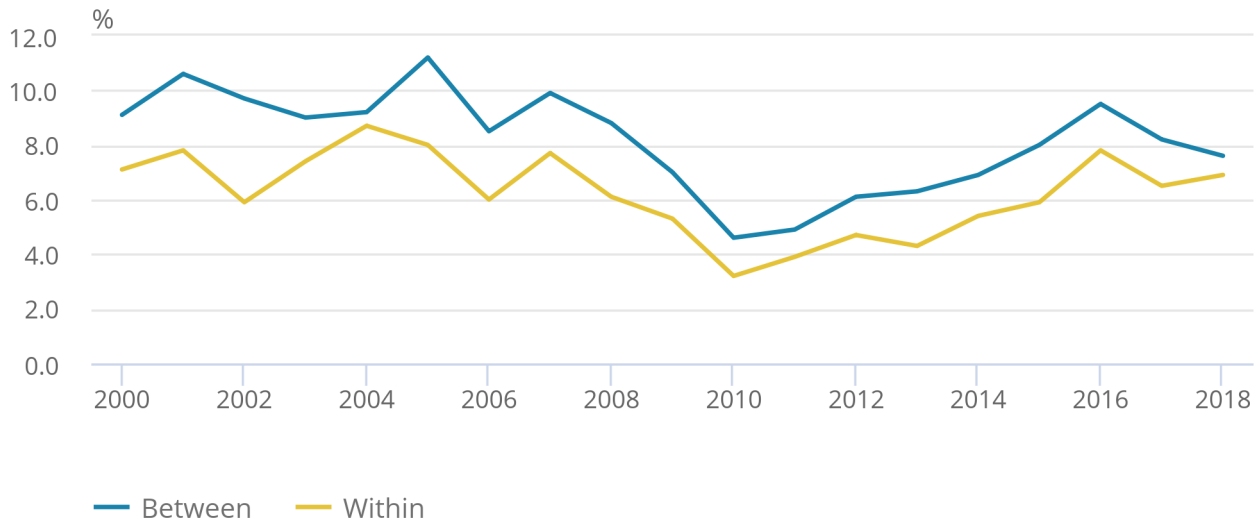
Of the job changers, those who moved within their own firm consistently received higher median earnings compared with those who moved between firms. The reverse is true for the growth of earnings; job changers between firms experience higher pay growth than within firm movers, as shown in Figure 4. This could be due to firms willing to pay more to acquire staff who have already been trained. Alternatively, it may reflect the higher risk premium workers attach to changing employer or that those who change industry or occupational category are generally doing so to move towards a post that is a better match for their skills. Only when a firm is willing to pay more than the existing firm (other things being similar), is a worker likely to switch between firms. In 2018, 75.4% of job changers moved between firms, while 24.6% moved within firms.

Figure 4: Between firm job changers experience higher pay growth

Median growth of hourly earnings for job changers within and between firm, 2000 to 2018, UK

Figure 4: Between firm job changers experience higher pay growth

Median growth of hourly earnings for job changers within and between firm, 2000 to 2018, UK



Source: Annual Survey of Hours and Earnings – Office for National Statistics

5 . Composition

Figure 5 shows that between 2000 and 2018 the proportion of people changing jobs has been, on average, 9.1% compared with 90.9% of people remaining in their jobs. This has varied over the years; in 2018 the proportion of job changers was around 10.9%. That was the same as the previous year, and the joint highest in the series. The percentage of workers changing jobs was the lowest in 2010, at around 5.7%, following the economic downturn. Although the economy started to recover from the downturn in 2009, fewer people moved jobs in 2010 than in all other years, possibly reflecting a risk-averse attitude of workers following the crisis. The labour market has since become more dynamic, with the proportion of people changing jobs increasing on average by 5.2 percentage points between 2010 and 2018 to around 10.9%. This coincides with:

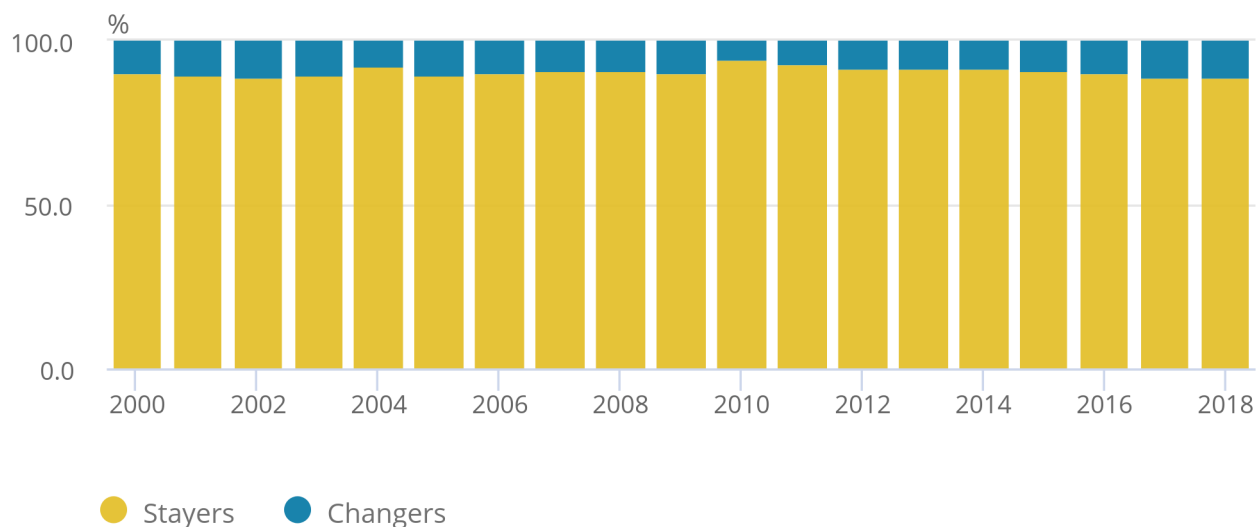
- an unemployment decrease for the 16 years and over age group of 44.7%
- an employment increase for 16- to 64-year olds of 9.9%
- workforce jobs increasing by 11.0%

Figure 5: Job changers represent around 10% of the workforce

Proportion of job changers and stayers, 2000 to 2018, UK

Figure 5: Job changers represent around 10% of the workforce

Proportion of job changers and stayers, 2000 to 2018, UK



Source: Annual Survey of Hours and Earnings – Office for National Statistics

6 . Age

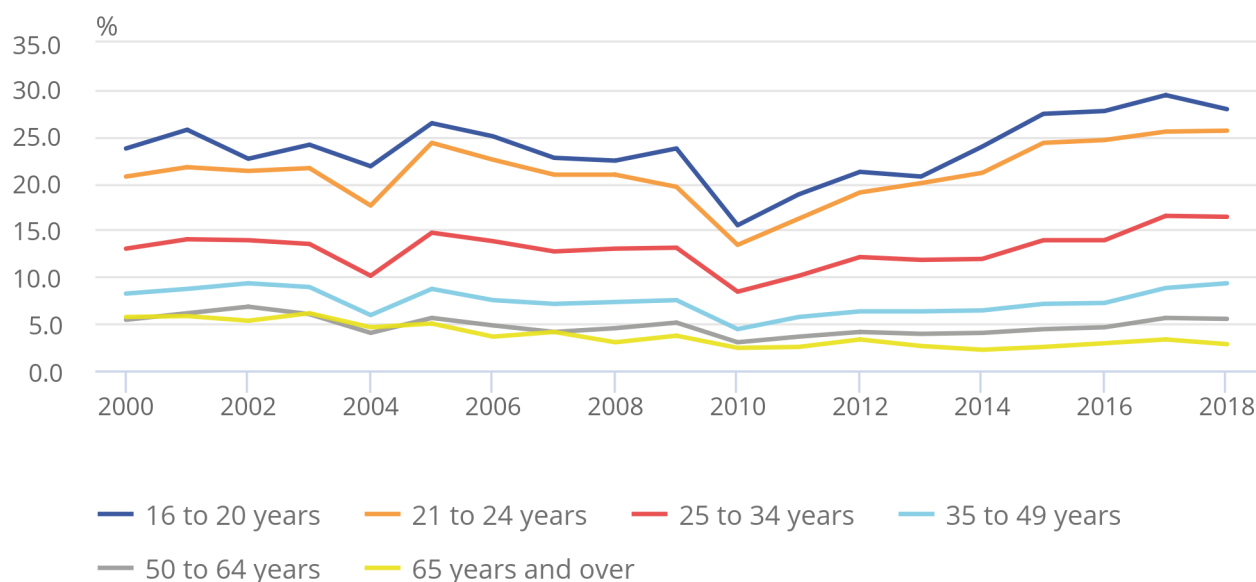
Data split by age show the starkest difference between changers, with people below the age of 35 years more likely to change jobs, as shown in Figure 6. This could be due to a greater proportion of younger workers in part-time, unstable or temporary jobs. From 2017 to 2018, 51% of 16-to-20-year-old job changers switched jobs from a part-time job to another part-time job.

Figure 6: Younger people are more likely to change jobs

Proportion of workers in each age bracket changing jobs, 2000 to 2018, UK

Figure 6: Younger people are more likely to change jobs

Proportion of workers in each age bracket changing jobs, 2000 to 2018, UK



Source: Annual Survey of Hours and Earnings – Office for National Statistics

Figures 7a and 7b display the median earnings growth of job stayers and changers by age. Earnings typically reflect career progression, with younger workers earning less than the older workers. Hence, younger workers experience higher pay growth regardless of whether they change jobs or not. Since 2010, growth in earnings for people aged 35 years and older has been subdued, with those not changing jobs experiencing a median hourly earnings growth between 0.9% and 3.0% per year, while those who changed jobs received between 0.0% and 6.5%.

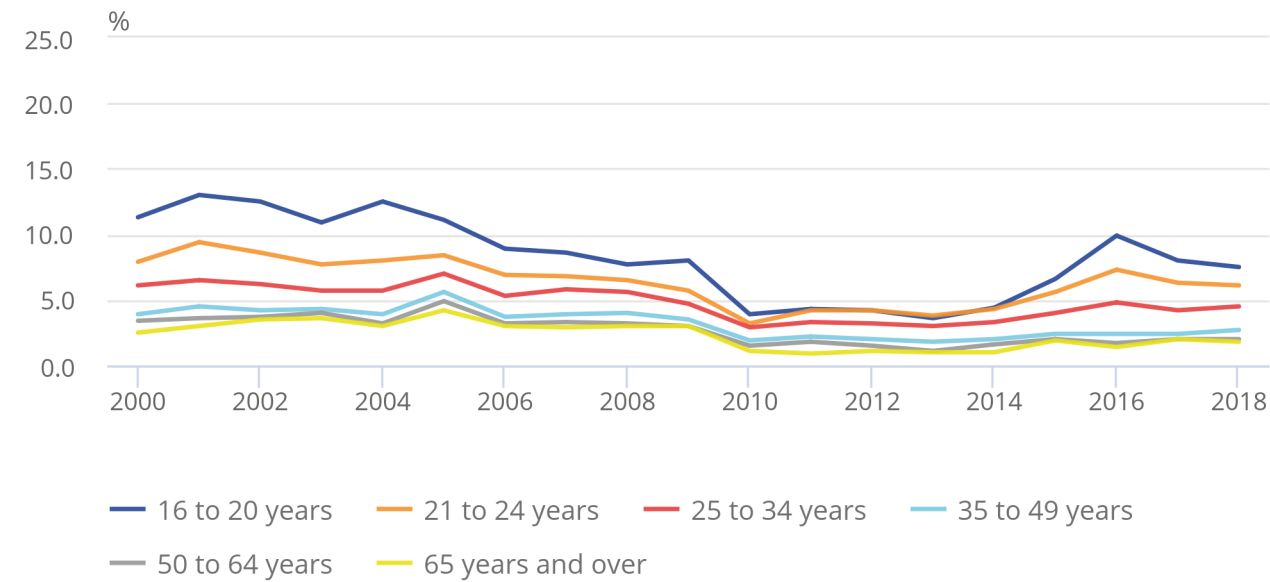
The uptick in earnings growth in 2016 for younger job stayers (aged less than 25 years), coincides with the introduction of the national living wage. Although the living wage was not applicable to these workers, there is some evidence for upward pressure on their wages.

Figure 7a: Younger workers experience higher pay growth regardless of whether they change jobs or not

Median growth of hourly earnings for job stayers, by age group, from 2000 to 2018, UK

Figure 7a: Younger workers experience higher pay growth regardless of whether they change jobs or not

Median growth of hourly earnings for job stayers, by age group, from 2000 to 2018, UK



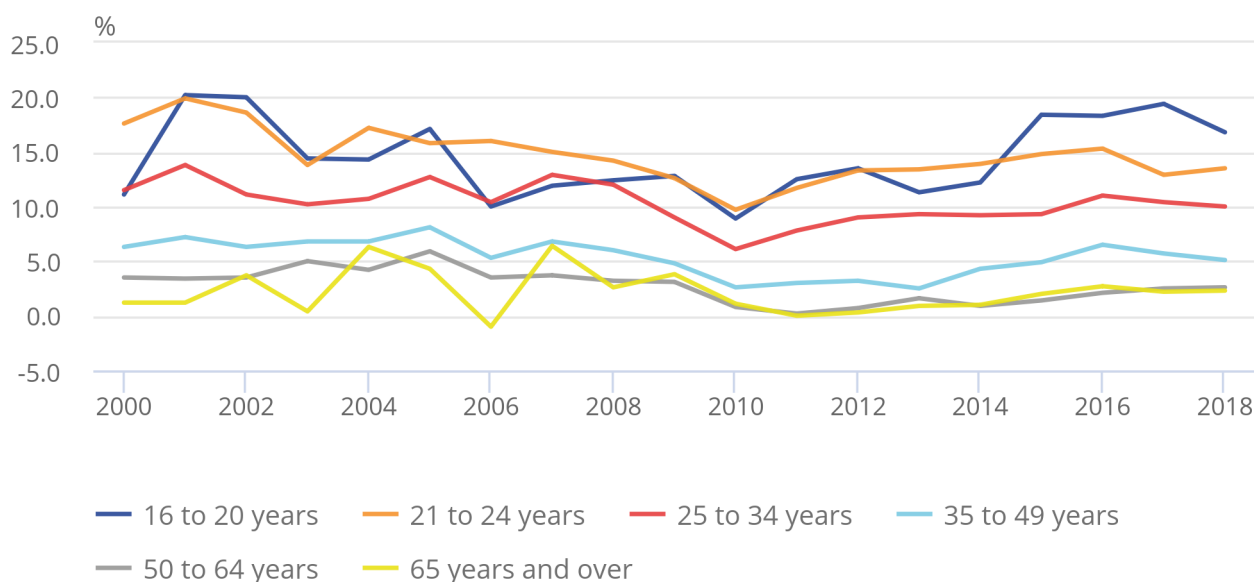
Source: Annual Survey of Hours and Earnings – Office for National Statistics

Figure 7b: Younger workers experience higher pay growth regardless of whether they change jobs or not

Median growth of hourly earnings for job changers, by age group, 2000 to 2018, UK

Figure 7b: Younger workers experience higher pay growth regardless of whether they change jobs or not

Median growth of hourly earnings for job changers, by age group, 2000 to 2018, UK



Source: Annual Survey of Hours and Earnings – Office for National Statistics

7 . Sex

For both men and women, those who stayed in the same job earned more than their counterparts who changed jobs across the time series. In 2018, the median of hourly earnings including overtime for female job changers was around £11, while for female job stayers it was around £12. On the other hand, male job changers earned a median wage around £13, while male job stayers earned around £15. In 2018, 45.5% of the total sample were male stayers and 43.5% were female stayers.

As depicted in Figure 8, earnings growth for job stayers is very similar for both sexes and is lower than earnings growth for job changers. In 2018, the median earnings growth for male job changers was 8.6% while for male job stayers it was 3.0%. In the same year, the median earnings growth for female job changers was 6.5% compared with 2.9% for female job stayers.

Women and men, on average, get similar pay growth if they stay in the same job. But women experience a lower earnings growth compared with men when they change job. This may be due to more women changing jobs from part-time to part-time, compared with men.

Earnings growth for men was more sensitive to the 2008 to 2009 economic downturn, compared with women. This is especially pronounced for the job changers but can also be seen for the job stayers. This may be because more men are in full-time contracts and wage growth for full-time changers was affected by the downturn more. The slowdown in median earnings growth for male job changers during the downturn was immediate and sharp, while the female job changers experienced a slower recovery.

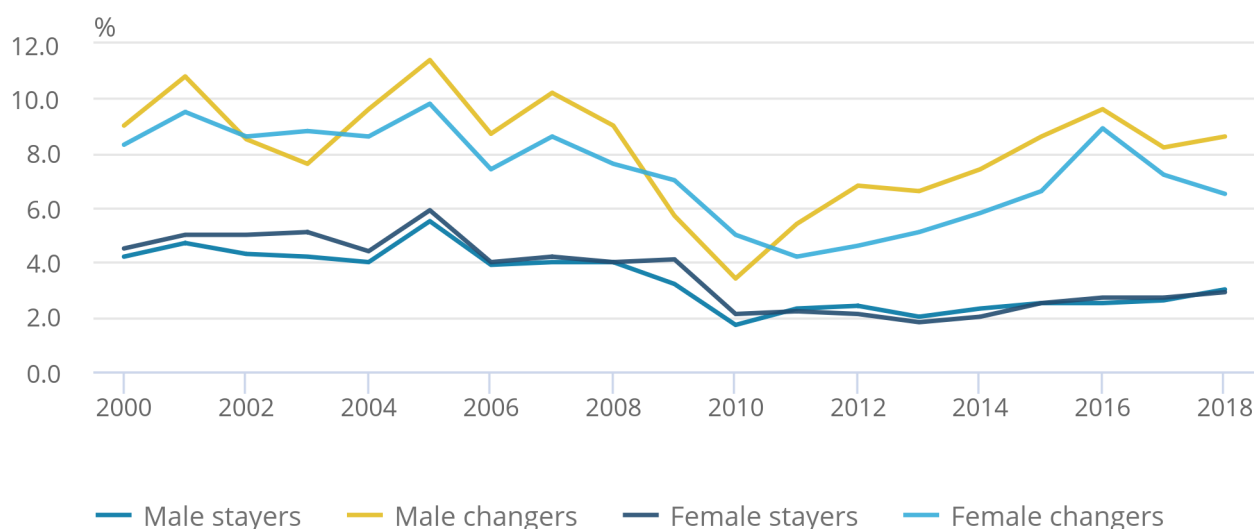
In 2018, both men and women experienced earnings growth below their pre-downturn average. This is especially pronounced for job stayers.

Figure 8: Male pay growth was more sensitive to downturn, especially for job changers

Median growth of hourly earnings for job changers and stayers, by sex, 2000 to 2018, UK

Figure 8: Male pay growth was more sensitive to downturn, especially for job changers

Median growth of hourly earnings for job changers and stayers, by sex, 2000 to 2018, UK



Source: Annual Survey of Hours and Earnings – Office for National Statistics

8 . Contract type

In 2018, around 75.4% of employees worked full-time and 24.6% worked part-time. Of the full-time workers, 88.9% stayed in the same job as the year before, while 89.6% of part-time workers stayed in the same job as the year before.

Full-time job changers had higher median earnings growth than job stayers. Their earnings growth was more strongly affected by the 2008 economic downturn. However, it remained above stayers' growth. Fewer full-time workers changed jobs during this period. In 2007, 8.6% of full-time workers changed jobs, compared with 5.4% in 2010.

On the other hand, median wage growth for part-time stayers and changers is similar, except for 2016 when the changers experienced stronger growth. This coincides with the introduction of the living wage, which resulted in greater upward pressure on part-time changers' wage but also some pressure on the part-time stayers' wage. Before 2016, part-time changers experienced wage growth similar to both part-time and full-time stayers. These workers experienced a protracted slowdown in earnings growth following the economic downturn, with median earnings growth remaining flat for four years after 2010 at about 2.4%.

Of the part-time changers, around 32.0% moved from a full-time job in 2017 to a part-time job in 2018, experiencing a wage growth of 4.7%. Of the full-time changers, around 17.2% moved from a part-time job in 2017 to a full-time job in 2018, experiencing a wage growth of 8.5%. Thus, there was a higher proportion of people moving from full-time to part-time in 2018, which if involuntary, reflects an increase in underemployment.

Please note:

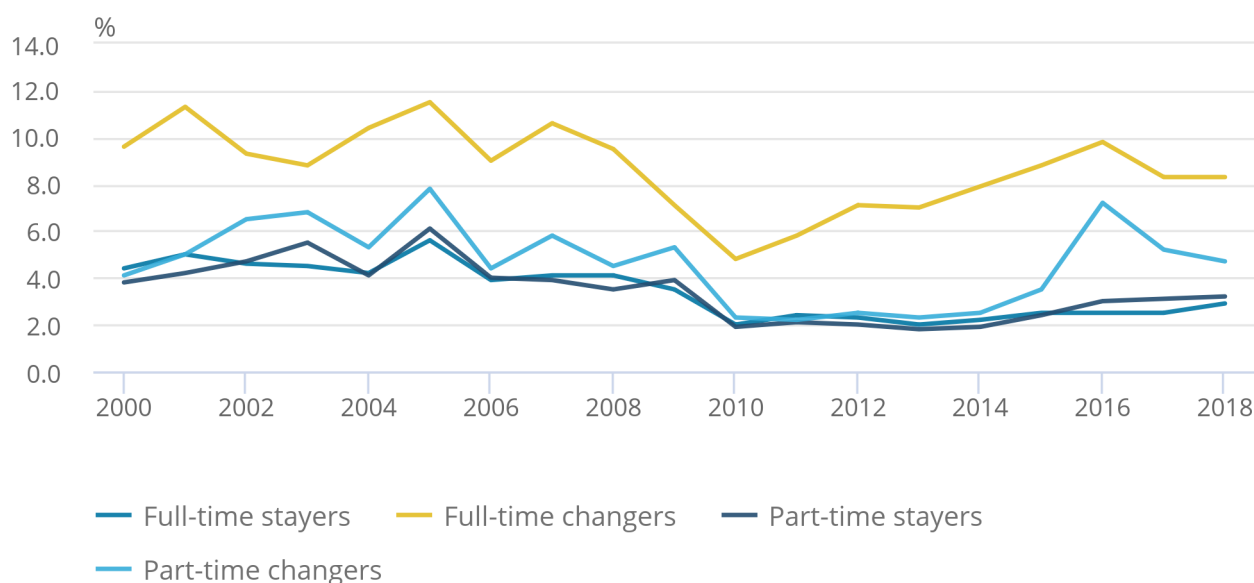
The above paragraph was updated for clarity on 2 May 2019.

Figure 9: Full-time job changers experience the highest pay growth

Median growth of hourly earnings for job changers and stayers, by contract type, 2000 to 2018, UK

Figure 9: Full-time job changers experience the highest pay growth

Median growth of hourly earnings for job changers and stayers, by contract type, 2000 to 2018, UK



Source: Annual Survey of Hours and Earnings – Office for National Statistics

Notes:

1. Full-time defined as employees working more than 30 paid hours per week (or 25 or more for the teaching professions).

9 . Sector

In 2018, 28.5% of people worked in the public sector and 71.5% worked in the private sector. Of the people who worked in the public sector, 91.6% stayed in the same job as the previous year, while 88.5% of the people who worked in the private sector stayed in the same job as the previous year.

Figure 10 shows that pay growth is observed to be higher for job changers compared with job stayers for both the public and private sectors. Private sector job changers were more strongly affected by the 2008 economic downturn than stayers. However, their earnings growth remained above that of the stayers. Since the downturn, private sector changers have more or less recovered their earnings growth. Whereas for the stayers, while the earnings growth has started increasing, it remains below the pre-downturn trend.

On the other hand, both public sector changers and stayers experienced a slowing in earnings growth during the downturn, although changers experienced a faster recovery than stayers. Both types of public sector workers are still receiving earnings growth below the pre-downturn trend, which may be a result of the government budget cuts following the economic downturn.

Both changers and stayers in the private sector were affected by the economic downturn a year earlier than the public sector. The private sector experienced a sharp slowdown in earnings growth in a shorter time and the public sector had an extended slowdown in earnings growth.

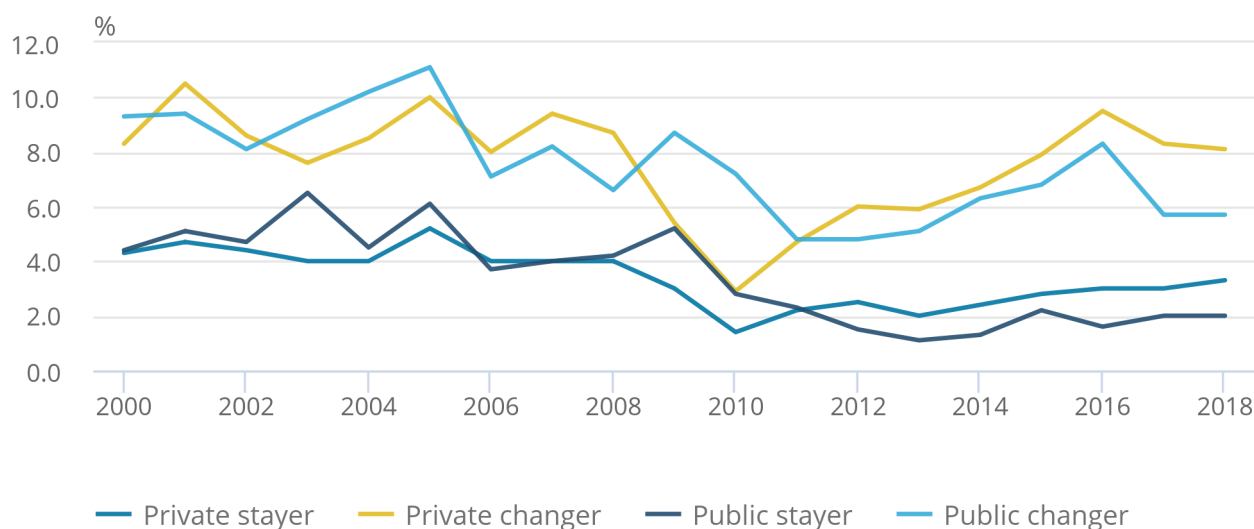
Of the job changers, in 2018, 75.4% of workers changed jobs from the year before within the public sector, while 94.8% changed jobs within the private sector. Of those who moved jobs, around 24.6% of workers moved from a private-sector job in 2017 to a public-sector job in 2018, while 5.2% of workers moved from a public-sector job to a private-sector job in the same period.

Figure 10: Private sector pay growth is quicker to react to economic situations

Median growth of hourly earnings for job changers and stayers, public and private sector, 2000 to 2018, UK

Figure 10: Private sector pay growth is quicker to react to economic situations

Median growth of hourly earnings for job changers and stayers, public and private sector, 2000 to 2018, UK



Source: Annual Survey of Hours and Earnings – Office for National Statistics

Notes:

1. For consistency over time, employees of those banks classified to the public sector since 2008 have been treated as if they were in the private sector.

10 . Skill group

We use the [Standard Occupational Classification \(SOC\)](#) to create four skill levels. In 2018, job changers experienced higher median earnings growth than job stayers for all skill groups. While the job stayers experienced slowing wage growth with increasing skill level, job changers generally experienced increasing wage growth with increasing skill level (except the upper-skilled workers whose wage growth was less than that of the upper-middle-skilled workers).

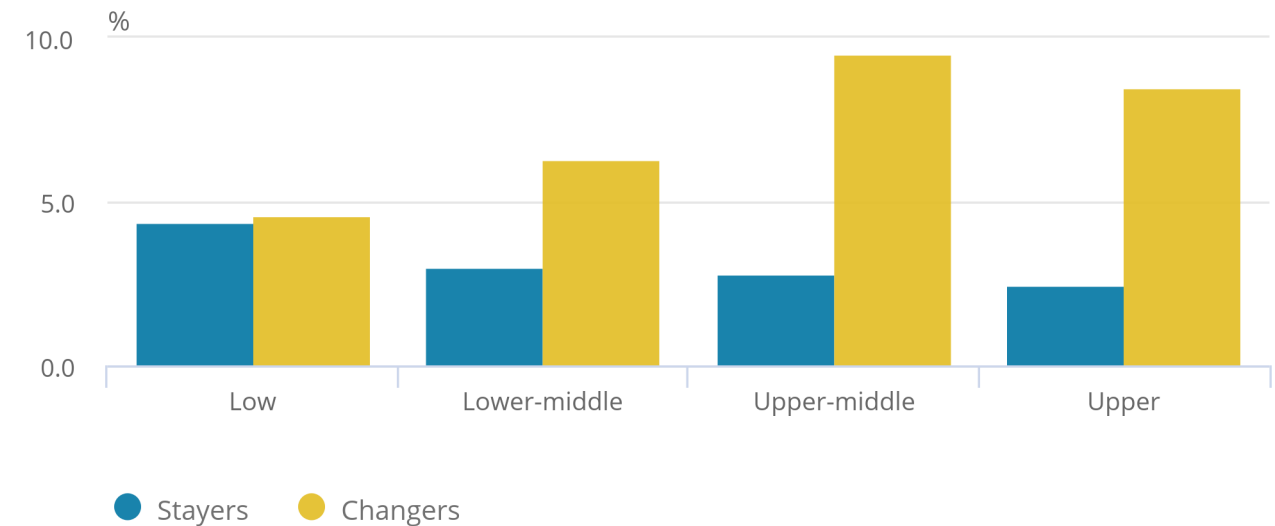
The declining wage growth for job stayers as skill level increases could be due to a greater proportion of lower-skilled workers receiving wages close to the National Living Wage. Such workers have experienced higher pay growth in recent years compared with workers on a higher hourly wage. For example, the 4.4% pay rise of low-skilled job stayers corresponds to the 4.4% pay rise from the National Living Wage increasing from £7.50 an hour in 2017 to £7.83 an hour in 2018. Job changers, on the other hand, can receive higher wage growths by switching jobs, especially at higher-skill levels.

Figure 11: Job changers experienced higher wage growth than job stayers for all skill groups

Median growth of hourly earnings for job changers and stayers, by skill level, 2018, UK

Figure 11: Job changers experienced higher wage growth than job stayers for all skill groups

Median growth of hourly earnings for job changers and stayers, by skill level, 2018, UK



Source: Annual Survey of Hours and Earnings – Office for National Statistics

Looking at the composition of job moves we see that, on average, lower-skilled occupations have more workers changing jobs. In 2018, 12.1% of low-skilled people changed jobs, while 11.3% of lower-middle, 11.2% of upper-middle, and 9.9% of upper-skilled workers changed jobs.

Table 1 shows the movement of workers between skills for job changers between 2017 and 2018. Most of the workers that changed jobs moved to jobs at the same skill level, represented by the diagonal. The upper triangle of the table represents movement of workers to higher-skill levels than the previous year, while the lower triangle represents movement of workers to jobs at skill levels lower than the previous year. Aside from those changing jobs at the same skill level, most move up or down one skill level only. This suggests that while there may be some skill mismatch in the UK labour market, most workers are changing jobs within the same skill level.

Table 1: Most job changers moved jobs within the same skill level
Proportion of job changer flows by skill level, from 2017 to 2018, UK

2017	2018			
	Low	Lower-middle	Upper-middle	Upper
Low	62.1	13.5	8.7	2.9
Lower-middle	28.4	72.8	25.3	14.1
Upper-middle	7.2	8.0	55.1	11.7
Upper	2.2	5.7	10.9	71.2

Source: Annual Survey of Hours and Earnings – Office for National Statistics

11 . Region

Regional differences in movement of job changers is an indicator of labour mobility. To examine this, we look at the 12 NUTS1 areas of the UK¹. Of all the regions, Northern Ireland and East had the highest proportion of job changers (11.8%), while North East had the lowest (8.3%) in 2018. In the same year in London, around 11.1% of workers changed jobs from the previous year.

Of the job changers, most workers changed jobs within the same region, which may imply that labour is not mobile between regions. This could potentially lead to mismatch between workers and jobs in that workers are not closely located to jobs that match their skillset.

The East Midlands had the lowest proportion of job changers within the same region in 2018 at 74.5%, followed by London at 74.8%. Of London workers, 9.1% came from the South East, whereas 7.3% of workers in the East had moved from London, and 8.2% of workers in the South East had switched from London.

In the same year, Northern Ireland had the highest proportion of within-region job moves at 95.4%. The presence of the Irish Sea may explain why workers in Northern Ireland are less mobile.

Table 2: Most workers changed jobs within the same region
Proportion of job changes within and between regions, from 2017 to 2018, UK

2018												
2017	North East	North West	Yorkshire and the Humber	East Midlands	West Midlands	South West	East London		South East	Wales	Scotland	Northern Ireland
North East	82.0	0.7	2.3	0.4	0.3	0.6	0.6	1.0	0.6	0.0	0.7	0.2
North West	2.8	83.8	2.8	2.2	3.2	1.1	1.0	2.1	1.3	4.4	0.7	0.7
Yorkshire and the Humber	3.0	2.4	80.5	5.1	0.7	1.0	1.0	1.9	1.3	0.4	0.9	0.3
East Midlands	1.0	1.4	3.9	74.5	4.8	1.4	2.4	1.8	1.6	1.4	0.9	0.0
West Midlands	1.2	2.4	2.1	5.0	77.4	3.1	1.7	1.7	2.2	2.2	1.2	0.2
South West	1.9	1.5	1.3	1.5	1.9	81.9	1.2	1.6	2.6	3.3	0.6	0.5
East London	0.4	1.7	2.4	6.0	2.9	2.1	77.8	4.2	3.3	1.5	0.8	0.9
South East	2.3	1.6	1.9	1.2	3.2	2.2	7.3	74.8	8.2	2.1	1.6	0.6
Wales	4.3	2.2	1.8	3.1	3.0	5.3	5.4	9.1	76.7	1.8	1.0	0.8
Scotland	0.0	0.6	0.1	0.4	1.0	0.9	0.5	0.6	1.0	82.9	0.2	0.2
Northern Ireland	0.8	1.2	0.7	0.4	1.2	0.4	0.9	0.9	1.0	0.0	91.3	0.2
	0.3	0.5	0.1	0.1	0.4	0.1	0.2	0.2	0.3	0.0	0.0	95.4

Source: Annual Survey of Hours and Earnings – Office for National Statistics

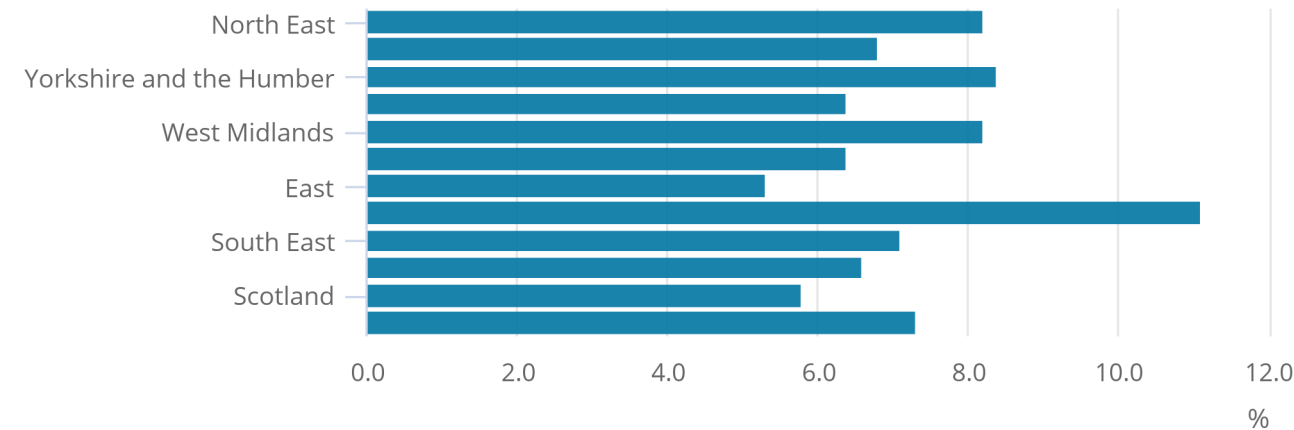
Job changer wage growth outpaced that of job stayers for all regions, following the aggregate trend. Figure 12 plots the median hourly earnings growth within the regions for job changers between 2017 and 2018 (growth for the diagonal in Table 2). It shows that workers changing jobs within London experienced the highest earnings growth at about 11.1%. This is 2.7 percentage points higher than Yorkshire and The Humber, which has the second-highest earnings growth for job changers.

Figure 12: Earnings growth for job changers in London outpaced all other regions

Median growth of hourly earnings for job changers within regions, between 2017 and 2018, UK

Figure 12: Earnings growth for job changers in London outpaced all other regions

Median growth of hourly earnings for job changers within regions, between 2017 and 2018, UK



Source: Annual Survey of Hours and Earnings – Office for National Statistics

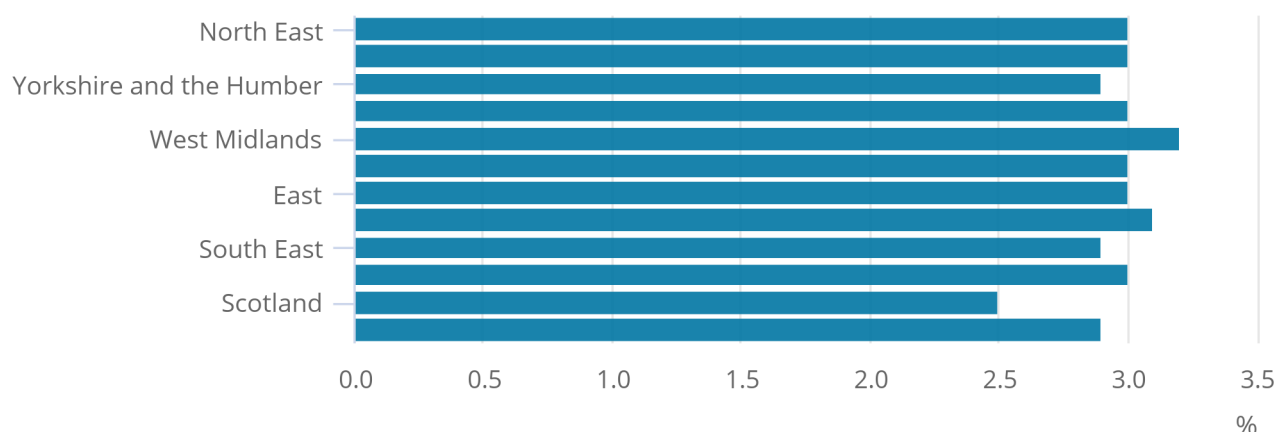
Figure 13 reports median earnings growth of stayers for all regions in 2018. In contrast to changers, earnings growth by region in 2018 for job stayers was less varied, with West Midlands experiencing the highest growth (3.2%) and Scotland the lowest (2.5%).

Figure 13: Job stayers in all regions experienced a slower growth between 2.5% and 3.2%

Median growth of hourly earnings for job stayers within regions, between 2017 and 2018, UK

Figure 13: Job stayers in all regions experienced a slower growth between 2.5% and 3.2%

Median growth of hourly earnings for job stayers within regions, between 2017 and 2018, UK



Source: Annual Survey of Hours and Earnings – Office for National Statistics

Notes for: Region

1. To examine geographical differences, we look at Nomenclature of Territorial Units for Statistics level 1 (NUTS1 level). This breaks our data down by nine English regions, plus three other countries of the UK (Scotland, Wales, Northern Ireland). These are work areas and not where the people reside.

12 . Industry

To examine differences in industry, we look at four broad industry categories: agriculture, production, construction and services, using the [Standard Industrial Classification](#).

In 2018, 83.8% of all workers worked in service industries, of which 88.7% stayed in the same job. Similarly, 11.9% of individuals worked in the production industry in 2018, and of these 91.5% stayed in the same job as the year before. The corresponding figures for 2018 in construction and agriculture are 3.5% in construction, of which 88.9% stayed in the same job, and 0.5% in agriculture, of which 90.2% stayed in the same job as the year before.

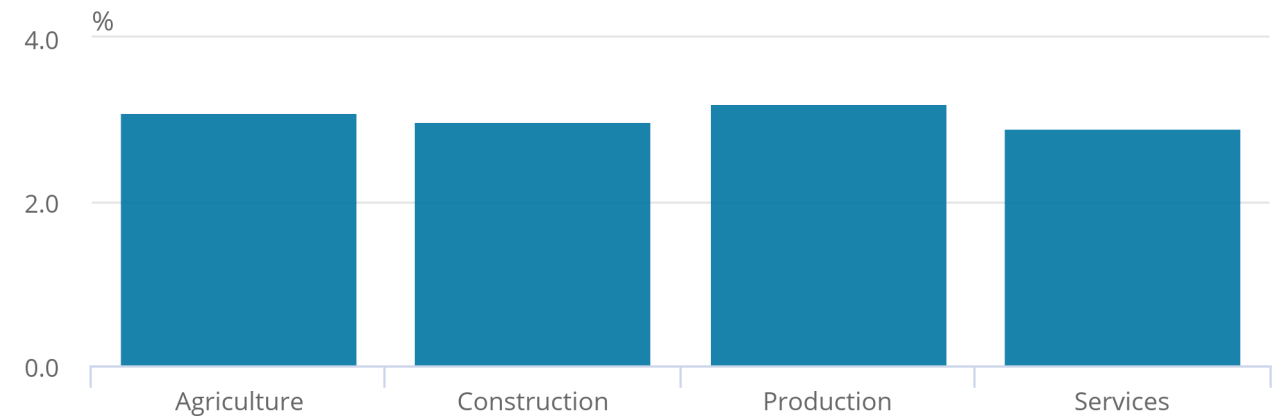
Job stayers in the production industries experienced the highest pay growth in 2018 at 3.2%, followed by agriculture at 3.1%, construction at 3.0% and services at 2.9%.

Figure 14: Job stayers in production experienced the highest median earnings growth

Median growth of hourly earnings for job stayers in 2018, by broad industry categories, UK

Figure 14: Job stayers in production experienced the highest median earnings growth

Median growth of hourly earnings for job stayers in 2018, by broad industry categories, UK



Source: Annual Survey of Hours and Earnings – Office for National Statistics

Notes:

- 1. Broad industry categories are as follows:
 - i. Agriculture: A
 - ii. Production: B to E
 - iii. Construction: F
 - iv. Services: G to S

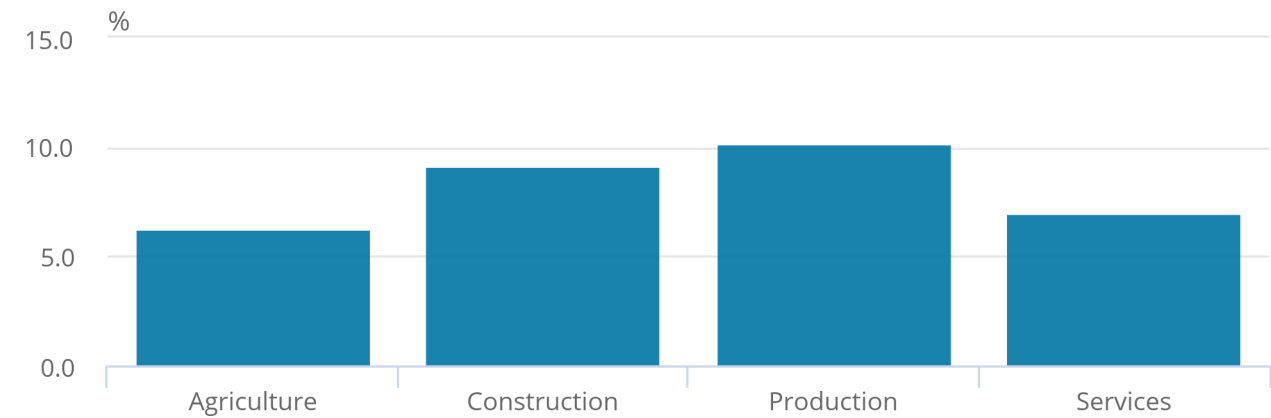
Job changers also experienced the highest earnings growth in the production industries (10.2%). However, this was followed by construction (9.1%), services (7.0%) and agriculture (6.3%). The median earnings growth for job changers was greater than that of job stayers across all broad industries in 2018.

Figure 15: Job changers in production experienced the highest median earnings growth

Median growth of hourly earnings for job changers, by broad industry categories, 2018, UK

Figure 15: Job changers in production experienced the highest median earnings growth

Median growth of hourly earnings for job changers, by broad industry categories, 2018, UK



Source: Annual Survey of Hours and Earnings – Office for National Statistics

Notes:

- 1. Broad industry categories are as follows:
 - i. Agriculture: A
 - ii. Production: B to E
 - iii. Construction: F
 - iv. Services: G to S

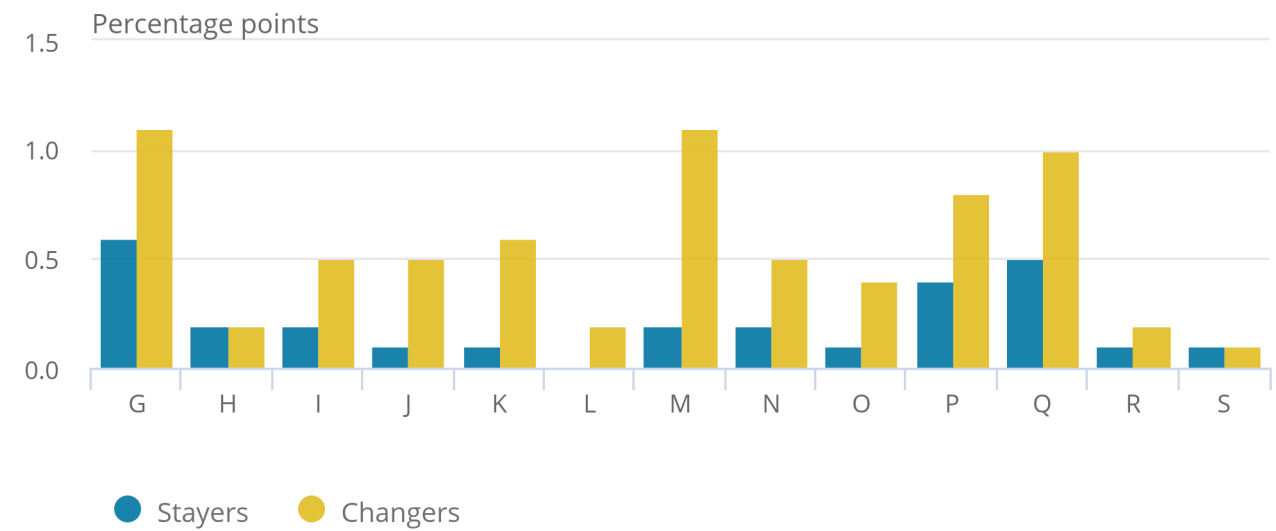
Within the largest broad industry, services, the earnings growth of both job stayers and changers was driven by different industry categories. For both stayers and changers, industries G (Wholesale, retail, repair of motor vehicles), P (Education), and Q (Human, health and social activities) heavily contributed to earnings growth. For job changers, industry M (Professional, scientific and technical activities) was also a big driver of earnings growth. Figure 16 illustrates the magnitude of these contributions to the service sector earnings growth for job stayers and changers.

Figure 16: Industries G, P, and Q heavily contributed to earnings growth for both job stayers and changers

Contributions to median hourly earnings growth within the service sector, for job changers and stayers, 2018, UK

Figure 16: Industries G, P, and Q heavily contributed to earnings growth for both job stayers and changers

Contributions to median hourly earnings growth within the service sector, for job changers and stayers, 2018, UK



Source: Annual Survey of Hours and Earnings – Office for National Statistics

Notes:

1. Industry categories are defined as follows:

G: Wholesale, retail, repair of motor vehicles

H: Transportation and storage

I: Accommodation and food services

J: Information and communication

K: Financial and insurance

L: Real estate

M: Professional, scientific and technical activities

N: Administrative and support activities

O: Public administration and defence

P: Education

Q: Human, health and social activities

R: Arts, entertainment and recreation

S: Other service activities

13 . Conclusion

In this article we present descriptive analysis of the flow of labour in the economy. Specifically, we have compared the wage growth of job stayers and job changers. We have also examined those changers who moved “within” and “between” firms.

Job stayers on average earn a higher hourly wage compared with individuals who move jobs. However, workers who switch jobs see higher pay growth compared with those who do not. Job changers moving between firms have higher pay growth than those moving within firms. This could be due to firms’ willingness to pay a higher wage to acquire already trained staff. This would then put upward pressure on the pay of existing staff. This is illustrated by the within-firm job changers’ wage growth, which is higher than that of job stayers.

Job changers also tend to be lower skilled (12.1% of low-skilled workers in 2018 compared with 9.9% of upper-skilled workers in the same year) and more concentrated in the private sector (11.5% in 2018 compared with 8.4% in the public sector in the same year). Slightly more women changed jobs in 2018 (11.4%) than men (10.4%).

Flow of labour in the economy is a broad area. Further research could seek to identify more wide-ranging reasons that influence workers staying or changing jobs, and the extent to which there are barriers to do so. Some workers may be keen to change jobs but cannot do so due to, for instance, lack of infrastructure, information asymmetries or employers being a local monopsony. Hence such workers forgo a growth in earnings that they could have otherwise achieved. On the other hand, there may be some workers who want to stay in their jobs but are forced to move (involuntary redundancy, such as a firm closure) and friction in the labour market may lead to people accepting new jobs at a lower wage than previously available.

14 . Authors

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15 . About the data

The analysis is carried out using the Annual Survey of Hours and Earnings (ASHE) micro dataset. All estimates for 2018 are provisional and relate to the reference date 16 April 2018. Data from the 2017 survey have been subject to small revisions since the provisional estimates were published on 26 October 2017. For the analysis, the following notes apply:

1. Employees on adult rates, pay unaffected by absence.
2. Jobs that are not their main occupation are dropped for individuals with more than one job.
3. Full-time defined as employees working more than 30 paid hours per week (or 25 or more for the teaching professions).
4. Skills are defined by the Standard Occupational Classification 2010.
5. Industry is defined by the Standard Industrial Classification 2007.
6. Regions are at NUTS1 level (Nomenclature of Units for Territorial Statistics). This breaks our data down by nine English regions, plus three countries of the UK. These are work regions and not where the people live.
7. A [guide to interpreting ASHE estimates](#) addresses common questions about the data.
8. Further information about ASHE can be found in quality and methodology on [our guidance and methodology page](#) and in the [Quality and Methodology Information \(QMI\)](#) report.

16 . Methodology

We match those individuals who were in the Annual Survey of hours and Earnings (ASHE) sample in two consecutive years and drop the rest to create a continuously employed ASHE dataset. We can then compare the earnings growth between t and $t-1$ years using the hourly earnings growth variable.

ASHE has a variable “sjd” that identifies people who were in the same job as the year before or not. We use this variable to define job stayers; those who are in the same job as the previous year (sjd=1), and job changers; those who are not in the same job as the previous year (sjd=2).

This is different from the [Employee earnings in the UK: 2018](#) bulletin, which compares earnings growth between all employees and those in the same job who were continuously employed in two time periods.

For the analysis, the following notes apply:

1. All earnings analysis is conducted using hourly earnings, which are derived using gross pay including incentive pay, overtime and shift premiums for the reference period, divided by the total paid hours worked during the reference period.
2. To capture the typical experience of earnings growth, median of hourly earnings growth is calculated. This is the rate of pay growth at the centre of the distribution of earnings growth. This is different from growth in median pay, which does not necessarily capture the changes in wages experienced by the majority of the continuously employed. This calculates how the pay at the centre of the distribution has changed between the periods. In other words, it shows how pay for the individual at the middle of the earnings distribution in one year compares with the pay for the individual at the middle of the earnings distribution a year later.
3. There are no weights available for longitudinal ASHE, hence job weights are used.
4. ASHE methodology is not specifically designed to model earnings growth for employees over time.
5. Movement of workers “between” firms is defined as those workers who are either in a different area of work compared with the year before, or they have changed the industry they work in, or are in a different occupational category. All others are defined as “within firm” changers.