Job mobility and segmentation in Australian city labour markets

Anthea Bill*, Bill Mitchell and Riccardo Welters
Centre of Full Employment and Equity (CoFFEE), University of Newcastle, Research College, University Drive, Callaghan NSW 2308 Australia
E-mail: anthea.bill@newcastle.edu.au
E-mail: bill.mitchell@newcastle.edu.au
E-mail: riccardo.welters@newcastle.edu.au
*Corresponding author

Abstract: Cities are said to have affected workers higher earnings and greater opportunity to appropriate productivity gains through job mobility. The flipside of flexibility is perhaps more insecure, associated with casualisation and intense competition for low-skilled positions. This article examines whether cities do promote greater levels of mobility and whether workers in the primary- and secondary segments display different patterns of job transition in urban vs. non-urban areas. We find evidence of higher job mobility in urban areas associated with both increased confidence that one will locate a new job and heightened fear of losing one's current job. Controlling for other factors, confidence (linked to upward job mobility), is higher in the primary segment of urban labour markets, but so is fear of losing one's job (linked to downward job mobility). Thus, the primary labour market of urban areas may be particularly susceptible to the adverse dynamics associated with increased mobility.

Keywords: job mobility; search behaviour; segmented labour market theory; urban labour markets.


Biographical note: Anthea Bill is a PhD candidate and a Research Fellow at the Centre of Full Employment and Equity (CoFFEE), University of Newcastle, Australia. She is interested in the spatial dimensions of labour market inequality, local labour markets and models of spatial interaction involving social networks, migration and commuting.

William Mitchell is a Professor of Economics and the Director of the Centre of Full Employment and Equity, University of Newcastle, Australia. Mitchell has published extensively on macroeconomics, labour economics and regional economics. His research interests include models of job creation and destruction,shadow approaches to macroeconomics, buffer stock employment models and their application to employment guarantee, regional models of unemployment and spatial econometrics.

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Riccardo Welters obtained his masters degree from the Maastricht University, the Netherlands. In May 2003, he received his PhD from the Maastricht University titled ‘Efficiency of Employment Subsidies and Firm Recruitment Strategies’. His research interest is in long-term unemployment, firm recruitment behaviour towards disadvantaged on the labour market and spatial econometrics applied to regional labour markets.

1 Introduction

Gordon (2003, p.2) hypothesises that in 15 years, cities have developed a unique pot for achieving successful economic outcomes, owing to their ‘density, diversity openness to change’. Accordingly, by virtue of their scale, networks and advanced service functions, cities provide greater potential for interaction and reader access to innovation; they also afford workers higher earnings and greater opportunities for productive gains through job mobility.

However, the benefits of job mobility arguably accrue only to those individuals located in dynamic local labour markets and in growing occupations with high skill and/or required competencies. The flipside of flexibility is more insecurity, associated with casualisation and intense competition for low-skilled positions. When labour markets are job scarce, more able workers successfully compete for low-skill jobs at the expense of less skilled workers (Mitchell and Bill, 2006).

There are significant differences that exist between cities and their non-metropolitan counterparts, in terms of the motivations for job search and the nature of job interviews held for positions of high and low skill. For example, Matsui and Watters (2003), a survey of Household Income and Labour Dynamics Australia (HILDA) data, examines whether cities do promote greater levels of mobility and whether primary and secondary labour markets. It focuses on the influence of search and occupational transition in urban areas.

For the purposes of this study, we use the HILDA dataset, a cross-sectional pooled dataset of working age population from the five waves of the HILDA (first in 2001 and the last in 2003) comprising 11,740 observations. Full-time students, persons aged below 15 and aged over 65 years are excluded. The variables we use in this article are summarised in the Appendix A to this article. Wherever necessary we further explain the chi scale made in the article.

The analysis is organised as follows: Section 2 presents a review of the drivers of job mobility; Section 3 examines the segmentation theory to test whether typical features of the metropolitan labour market are intensified differences in labour market outcomes between the primary and the secondary segment; Section 4 concludes.

2 Turbulence in metropolitan labour markets

2.1 Brief literature review

Gordon (2005, p.1) argues that modern cities, owing to their growing 'density, diversity and flexibility', have a unique capacity for matching workers and employers,
promoting job mobility. We might expect job mobility to be higher in metropolitan labour markets for a number of reasons (see summary in Buck et al., 2002, p.204). The scale of metropolitan labour markets increases the range of options available to workers and employers, making it attractive for them to use an external labour market as a means to achieve their goals. Agglomeration economies increase the risks of labour market flexibility, since new jobs can be found more easily and when required. In addition to scale effects giving rise to greater mobility rates, Glaser (1999) and Glaser and Mare (2001) claim city labour markets—especially with advanced service functions—offer greater opportunities for ambitious workers to develop their skills and human capital. They argue that it is the greater opportunities for learning and the ability to translate learning into a wage premium that attracts workers, rather than the higher initial wages. Dense urban areas increase the speed of interaction, and interactions help individuals increase skill acquisition, which leads Buck et al. (2002, p.204) to conclude that cities encourage higher mobility because workers can appropriate more of the productivity gains associated with their growing human capital. Meanwhile, the risks of mobility are lower right across the labour market because of scale and density, encouraging quicker hiring and firing practices amongst employers. Similarly, Fielding (1991) mentions what is termed the ‘escalator hypothesis’ such that in cities there is a higher rate and faster than usual progression from education into managerial posts, and a higher degree of churning between professional and managerial jobs. Thus cities promote occupational and social mobility, particularly for the young and qualified. According to Amin and Thrift (1992), higher mobility might also stem from reader access to new developments, international experience and openness of powerful groups.

However, Buck et al. (2002, p.205) note that the capacity to access opportunities and to add earnings via a process of job mobility is likely to be unevenly distributed. Those who are in higher status, non-routine positions and those with greater learning skills are better able to garner the benefits of job change. The OECD (1997; 1999) note that, while average job tenure has remained stable in recent years, job instability and insecurity are more pronounced among less educated workers than among the highly skilled. Thus, the freedom afforded by ‘flexibility’ in urban labour markets may yield ‘variety and mobility’ in work but may also be associated with uncertainty (see Buck et al., 2002, p.198).

The earlier segmented labour market literature clearly noted that unlike the human capital theory vision of job change, workers in low-skill jobs tend to change jobs regularly and cycle between one low paid position and another with spells of unemployment often interspersed and no definable career progression occurring (Doeringer and Piore, 1971). Mitchell, Mykyten and Walters (2005) find supporting evidence of this, using HILDA data for the Australian economy.

White and Firth (1998) provide supporting evidence for this view in the UK labour market arguing that there is a strong tendency for the unemployed to cycle through more unstable or demised parts of the labour market. While older workers, on average, experience lower turnover, for those who do churn, unemployment spells may be longer. Their study of London confirms that middle-aged workers particularly exhibit high unemployment rates. More generally, higher turnover may mean that employers under-invest in non-firm specific skills, which they believe can be purchased in an accessible open market. Hence there may be some shortfalls in training.
hours worked or job security leads to higher job mobility. In terms of our main interest, the results show that living in metropolitan areas increases job mobility.

Table 1: Job-to-job movements, 2001-2005

<table>
<thead>
<tr>
<th>Independent variables</th>
<th>Job-to-job movement (1)</th>
<th>Job-to-job movement (2)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Living outside a metropolitan area</td>
<td>reference</td>
<td>reference</td>
</tr>
<tr>
<td>Living in a metropolitan area</td>
<td>1.11 (0.04)**</td>
<td>1.06 (0.04)***</td>
</tr>
<tr>
<td>Expectations in previous job</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Likelihood to find another job (flexibility)</td>
<td>1.01 (0.00)***</td>
<td>-</td>
</tr>
<tr>
<td>Likelihood to lose the job (inequality)</td>
<td>1.01 (0.00)***</td>
<td>-</td>
</tr>
<tr>
<td>Personal characteristics</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Age cohort:</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>16–34 years</td>
<td>0.77 (0.04)***</td>
<td>0.75 (0.04)***</td>
</tr>
<tr>
<td>35–44 years</td>
<td>0.59 (0.03)***</td>
<td>0.57 (0.03)***</td>
</tr>
<tr>
<td>45–64 years</td>
<td>0.31 (0.03)***</td>
<td>0.29 (0.04)***</td>
</tr>
<tr>
<td>Gender:</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Female</td>
<td>reference</td>
<td>reference</td>
</tr>
<tr>
<td>Male</td>
<td>0.97 (0.04)</td>
<td>0.97 (0.04)</td>
</tr>
<tr>
<td>Ethnicity:</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Non-Aboriginal Anstr</td>
<td>reference</td>
<td>reference</td>
</tr>
<tr>
<td>Indigenous</td>
<td>1.41 (0.21)**</td>
<td>1.43 (0.22)**</td>
</tr>
<tr>
<td>Education:</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Pre-primary/elementary school</td>
<td>reference</td>
<td>reference</td>
</tr>
<tr>
<td>Certificate</td>
<td>1.08 (0.08)</td>
<td>1.05 (0.07)</td>
</tr>
<tr>
<td>Advanced diploma</td>
<td>1.64 (0.05)</td>
<td>0.96 (0.05)</td>
</tr>
<tr>
<td>Post Grad., Bachelor</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Job characteristics (previous job):</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Hours worked:</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Involuntary part-time</td>
<td>reference</td>
<td>reference</td>
</tr>
<tr>
<td>Full time</td>
<td>0.78 (0.04)**</td>
<td>0.76 (0.08)***</td>
</tr>
<tr>
<td>Voluntary part-time</td>
<td>0.63 (0.06)***</td>
<td>0.65 (0.06)***</td>
</tr>
<tr>
<td>Contract type:</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Fixed term contract</td>
<td>reference</td>
<td>reference</td>
</tr>
<tr>
<td>Casual contract</td>
<td>1.29 (0.03)**</td>
<td>1.40 (0.07)***</td>
</tr>
<tr>
<td>Permanent contract</td>
<td>0.83 (0.05)**</td>
<td>0.91 (0.06)**</td>
</tr>
<tr>
<td>Tenure</td>
<td>0.94 (0.06)**</td>
<td>0.95 (0.08)**</td>
</tr>
<tr>
<td>Industry level (previous job):</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Industry:</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Agriculture</td>
<td>1.48 (0.18)**</td>
<td>1.48 (0.17)**</td>
</tr>
<tr>
<td>Mining</td>
<td>1.41 (0.20)**</td>
<td>1.42 (0.20)**</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>1.27 (0.09)**</td>
<td>1.28 (0.09)**</td>
</tr>
</tbody>
</table>

Table 1: Job-to-job movements, 2001-2005 (Continued)

<table>
<thead>
<tr>
<th>Independent variables</th>
<th>Job-to-job movement (1)</th>
<th>Job-to-job movement (2)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Electricity, water, gas</td>
<td>1.50 (0.33)**</td>
<td>1.54 (0.33)***</td>
</tr>
<tr>
<td>Construction</td>
<td>1.51 (0.14)**</td>
<td>1.41 (0.13)**</td>
</tr>
<tr>
<td>Wholesale</td>
<td>1.50 (0.15)**</td>
<td>1.52 (0.15)**</td>
</tr>
<tr>
<td>Retail, Restaurants</td>
<td>1.56 (0.13)**</td>
<td>1.48 (0.19)**</td>
</tr>
<tr>
<td>Transport</td>
<td>1.35 (0.14)**</td>
<td>1.36 (0.14)**</td>
</tr>
<tr>
<td>Finance, property bus.</td>
<td>1.66 (0.09)**</td>
<td>1.52 (0.19)**</td>
</tr>
<tr>
<td>Government</td>
<td>reference</td>
<td>reference</td>
</tr>
<tr>
<td>Cultural services</td>
<td>1.26 (0.19)**</td>
<td>1.27 (0.19)**</td>
</tr>
</tbody>
</table>

Required: 0.97 0.89
Number of observations: 28,082 28,082

* 10% significance, ** 5% significance, *** 1% significance, robust standard errors in parentheses.

The literature review suggests two reasons for elevated levels of job mobility: metropolitan areas and one positive and one negative. On the positive side, metropolitan labour markets provide ample job opportunities for employees, which boosts employees' confidence to find an equal or better job than their current job. On the negative side, job market flexibility might increase job insecurity, especially for the bottom of the labour market. For this cohort, higher turnover rates imply more insecurity, which enhances their expectations of losing their current job and subsequent job search and, if successful, job change. Both factors can thus increase mobility. Column 2 of Table 1 reports the results of adding these factors to the regressions in column 1. Both the positive and negative influences increase job turnover and importantly, once they are introduced, the metropolitan dummy becomes statistically insignificant. This suggests that we have captured the idiosyncrasies of incapacity labour markets. For some, the high metropolitan labour market is an opportunity as others it is a threat. Both factors spur job search and so the rest of the article is devoted to studying these factors in more detail.

2.3. The global city hypothesis – escalation and bumping down

Though metropolitan labour markets can be interpreted as providing an opportunity well as a threat to employees, it does not follow necessarily that both forces will increase job mobility. Mitchell, Muytcen and Welzers (2005) contrasted the different motivations for job mobility generate qualitatively different outcomes. The new job is qualitatively better (pay, working and job security satisfaction) than the previous one. However, when job mobility is motivated by extreme search (that is, job change induced by labour market threats qualitative improvements occur as a result of the search and mobility.

This closely relates to the existing literature which proposes that metropolitan play an "escalating" role. Garden (2005, p.6) argues that modern cities have a n
potential for success, particularly lying in the 'range, flexibility, openness and depth' of their labour markets. Barry (2006, p.5) notes that cities increasingly can be distinguished not merely by size and growth but by advanced business services. The rise of finance and specialised services concentrated in cities creates a 'critical mass' of profitable enterprises (Sassen, 1995). Economies of scale are said to be generated by proximity of firms to key input services and the advantages offered by face-to-face communication. As Nygard and Wood and Stokes (2005, p.4) argue, "greater service intensity and complexity through skill biased technical change has generated a skills premium, which induces wage and earnings inequality." Externalities flowing from co-location and reduction of transaction costs are said to significantly raise firm profitability.

That Australian cities offer a wage premium (and particularly skilled workers) is confirmed by crude analysis of HILDA. Table 2 shows average hourly gross wages by occupation for metropolitan and non-metropolitan regions.

In line with Sassen (1991) 'global city' hypothesis, Barry (2006) argues that Australian cities have become both more integrated and more segmented. Nygard and Wood and Stokes (2005) assess elements of the 'global city' hypothesis for three Australian cities: Sydney, Melbourne and Adelaide. Results confirm that there is evidence of agglomeration of 'new economy' type industries in Sydney, and to a lesser degree Melbourne, similarly new economy small businesses increased their profit share in Sydney and Melbourne. The authors employ a Grubel-Lloyd Index of intra-industry trade and find that Sydney and Melbourne are marginally more internationally connected than Adelaide.

Table 2 Mean hourly wages by occupation, metropolitan and non-metropolitan, 2001–2005 Australia

<table>
<thead>
<tr>
<th>Occupational level</th>
<th>Non-metropolitan area</th>
<th>Metropolitan area</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manager</td>
<td>11.70</td>
<td>24.41</td>
</tr>
<tr>
<td>Professional</td>
<td>24.19</td>
<td>23.41</td>
</tr>
<tr>
<td>Associate professional</td>
<td>19.29</td>
<td>19.65</td>
</tr>
<tr>
<td>Telephonist</td>
<td>13.00</td>
<td>14.28</td>
</tr>
<tr>
<td>Advance clerical</td>
<td>17.21</td>
<td>18.10</td>
</tr>
<tr>
<td>Clerical</td>
<td>13.78</td>
<td>15.50</td>
</tr>
<tr>
<td>Intermediate production</td>
<td>13.98</td>
<td>14.39</td>
</tr>
<tr>
<td>Elementary clerical</td>
<td>12.88</td>
<td>13.00</td>
</tr>
<tr>
<td>Labourer</td>
<td>11.90</td>
<td>12.71</td>
</tr>
</tbody>
</table>

* Includes all jobs.


Australian cities traditionally, unlike those in the UK and US, do not have economically depressed inner-nas, nor has there been a significant decentralisation of employment to the suburbs of Sydney and Melbourne (O'Connor and Healy, 2002). Like UK and US cities, Australian cities do however, contain higher proportions of ethnic minorities and 'unattached young people, in search of freedom or in flight from difficult family situations' (Buck et al., 2002, p.196), groups who may find difficulties with integration.

Mitchell and Bill (2006) add a new dimension to this mix. She argues that the growth and concentration of new economy employment, not only are highly skilled, knowledge-intensive jobs generated, but also are routine, low-skilled support jobs, requiring formal qualifications or training. Mitchell and Bill (2006) confirm these growing tie the Australian economy. Barry (2006, p.9) terms this a 'synergistic dual urban market' which gives rise to labour market polarisation in income inequality as less in the Sassen (1991) 'social polarisation thesis' (see also Friedmann and Wolff, 1999). Nygard, Wood and Stokes (2005) examine spatial income using Australian Tax Office data at the postcode level and Milunovic-Gini coefficients for grouped data. They find that while in Adelaide the ratio of the ten richest to ten poorest postcodes has remained relatively unchanged, it has increased in Sydney-Melbourne over the period 1995–1996 to 2002–2003. Examining census data for Baum (1997, p.100) provided early evidence of socio-economic segregation in S noting

"at one end of the scale there exists a growing group of high-income, high-status individuals who are strongly attached to the global economy and have benefited from global integration. At the other end, there is both a growing group of workers who have only weak labour market attachment to the global economy (low-paid service workers) and a group who are outside the employed labour force, are dependent on welfare, and have benefited very little from global processes."

There is a close link between processes of mobility, job competition and socio-economic disadvantage for the less-skilled workers, particularly in times of overall job ration in the Australian economy in 2000. While cities may offer chances for less relative to less-dense employment growth areas, they also generate perverse dynamics of so-called 'bumping down' effects whereby, as the supply of skilled workers expands, more highly educated workers compete with less-skilled (employed) workers for similar jobs and according to Thrane (1998, p.33), the high-skilled workers 'bump down' driving the less-skilled workers either further down (the growth in unemployment) or into unemployment (see Fields, 1975). Scott and Austen (2005) conclude the rising proportion of high-skilled workers without high-skilled employment who down into lower-skill jobs can explain a substantial increase in US wage inequality. Green and Owen (1998) link the 'bumping down' mechanisms to an explanation of the spatial distribution of non-employment. They note that low-skilled workers are spatially mobile (through migration or commuting) and require an adequate spatially proximate jobs to avoid unemployment. In times of overall job rationing, growth areas experience substantial net in-migration and net out-commuting from skilled workers in search of the overall scarce employment. As a consequence, less-skilled workers do not fully enjoy the high growth in jobs that would not access if there was full employment overall. The problem is not that the low skill not possess relevant skills, but rather that the higher-skilled workers bump down present superior competition for the finite pool of jobs. Mitchell and Bill (2006) found evidence of these dynamics in the Australian labour market.

These processes represent the dark side of the global city. Table 3 shows education attainment shares in the two lowest occupational categories available in HILDA in and outside the metropolitan area. The data shows that there is a higher incidence of low educational employees in low occupational jobs in the metropolitan area relative to the non-metropolitan areas. The data is thus consistent with the major dynamics of bumping down.
Labour market segmentation and career trajectory

3.1 Labour market segmentation

The analysis in Table 1 suggests that two motivations for job mobility—the confidence in finding a (better) job and the fear of losing one’s current job—provide indicators of upward and downward escalators, respectively. This is consistent with Mitchell, Maysken and Wetters (2005). We now seek to explain the role these motivations play in career development.

Mitchell, Maysken and Wetters (2005) analyse job search in the context of Dual Labour Market (DLM) theory, using HILDA data 2001–2003. DLM theory proposes that the labour market is segmented on the basis of processes for allocation and reward. The central demarcation defines a Primary Labour Market (PLM) and the Secondary Labour Market (SLM) with rigourous restrictions mobility between the two segments. The authors hypothesise that on-the-job search behaviour is likely to be different according to which segment the worker is employed within. The traditional notion of a PLM worker suggests they are employed in tight internal labour market structures which facilitate career advancement and search activity is used to enhance further career aspirations. Conversely, the SLM worker may be motivated to search for new employment because their job is typically precarious. Extrinsic search is associated with occupational and educational levels associated with the primary sector, while extrinsic search tends to be associated with individuals in the secondary sector.

We thus hypothesize that higher rates of turnover in metropolitan labour markets will have different impacts for primary and secondary workers. Primary workers with higher levels of education and skill should be able to use job mobility to appropriate productivity gains associated with their human capital. Job mobility by secondary workers is driven by extrinsic factors (e.g., generates negligible improvements in pay, security and overall job satisfaction. This is at odds with human capital theory that proposes that job search is

Table 3: Bumming down in the two lowest occupational categories in the secondary labour market segment, metropolitan and non-metropolitan, Australia

<table>
<thead>
<tr>
<th>Occupational level</th>
<th>Share in employment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-metropolitan</td>
<td>Metropolitan</td>
</tr>
<tr>
<td>Labourer: Primary education</td>
<td>72.2</td>
</tr>
<tr>
<td>Certificate</td>
<td>20.7</td>
</tr>
<tr>
<td>Diploma</td>
<td>3.5</td>
</tr>
<tr>
<td>Bachelor</td>
<td>3.7</td>
</tr>
<tr>
<td>Elementary worker: Primary education</td>
<td>73.7</td>
</tr>
<tr>
<td>Certificate</td>
<td>19.3</td>
</tr>
<tr>
<td>Diploma</td>
<td>4.0</td>
</tr>
<tr>
<td>Bachelor</td>
<td>4.0</td>
</tr>
</tbody>
</table>


Taken together, the analysis in this section motivates an examination of career dynamics by spatial division and occupational demarcation.

3.2 The role of job seeking confidence

The flexibility and richness of the metropolitan labour market should boost a worker’s confidence in being able to find an equal or better job. To test this hypothesis, we run an ordinary least squares regression with the percentage chance of finding a (potentially better than the current) job within a year as the dependent variable. Interaction terms between the metropolitan dummy variable and a dummy variable indicating the worker’s presence in the DLM segment are added. Table 4 reports the results. The first two columns (the second column excludes) the second sector and the third column includes the primary segment of the non-metropolitan area. Not surprisingly, we also find confidence is higher in the primary segment of the non-metropolitan labour market compared to the secondary segment outside the city. Further, Fielding (2006) observation that young workers, particularly benefit from upward escalator is used in our analysis.

3.3 Fear of losing current job

We hypothesise that the flexibility found in metropolitan labour markets also lead to job insecurity in the secondary segment. To explore this notion, we run a regression to find in Section 3.2 with the dependent variable becoming ‘the perceived chance the respondent loses his/her job in the next 12 months’, which is provided in response in HILDA. In that sense, we should exercise some caution. To count respondents who potentially misinterpret the question and include voluntary quits expected percentage change that they will lose their job, we include the variable ‘probability of leaving the job voluntary’ and ‘confidence in finding a new (better) job’ in the specification.
A priori, we expect employees will be less apprehensive of losing their job in the primary segment of the metropolitan labour market than in the primary segment of the non-metropolitan area. We also expect SLM workers to have more apprehension than primary workers. Table 5 reports the regression results for job-to-job movers. The first striking result is that our prior expectations are not confirmed. In the first column, we control for personal characteristics and sector. We find that age plays a significantly more important role in the primary segment of the metropolitan labour market than in the non-metropolitan area. In the second column, we add job characteristics to the analysis. Herein, we find that the job that the job-changer has just left explains variation in terms of ‘hours worked’ and ‘pay’ to a much greater extent than the job that the job-changer has just entered. Job satisfaction in terms of ‘hours worked’ and ‘pay’ leads to more variation in terms of personal characteristics, because there is more to lose for these employees if job loss occurs. This might also explain why age plays a smaller role in the second regression, because the first – older workers typically have better jobs. Including these variables in the analysis adds significant variation to the interaction dummy ‘Metropolitan area X primary segment’, but we do not find confirmation of our prior expectations.

### Table 4: Driving forces behind job loss and job-to-job decisions, 2001–2005

<table>
<thead>
<tr>
<th>Independent variables</th>
<th>Dependent variables</th>
<th>Confidence (1)</th>
<th>Confidence (2)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Metropolitan area X primary segment</td>
<td>4.92 (1.52)***</td>
<td>4.66 (1.44)***</td>
<td></td>
</tr>
<tr>
<td>Metropolitan area X secondary segment</td>
<td>-0.72 (1.69)</td>
<td>-1.34 (1.52)</td>
<td></td>
</tr>
<tr>
<td>Non-Metrop. area X primary segment</td>
<td>reference</td>
<td>reference</td>
<td></td>
</tr>
<tr>
<td>Non-Metrop. area X secondary segment</td>
<td>-4.91 (1.65)***</td>
<td>-7.07 (1.58)***</td>
<td></td>
</tr>
<tr>
<td>Personal characteristics</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Age cohort:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>16–30 years</td>
<td>reference</td>
<td>reference</td>
<td></td>
</tr>
<tr>
<td>31–40 years</td>
<td>-2.22 (1.13)***</td>
<td>-1.68 (1.08)</td>
<td></td>
</tr>
<tr>
<td>41–50 years</td>
<td>-2.98 (1.23)***</td>
<td>-2.59 (1.22)***</td>
<td></td>
</tr>
<tr>
<td>51–65 years</td>
<td>-17.65 (1.66)***</td>
<td>-7.84 (1.51)***</td>
<td></td>
</tr>
<tr>
<td>Gender:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Female</td>
<td>reference</td>
<td>reference</td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>-3.84 (0.93)***</td>
<td>-3.86 (0.93)***</td>
<td></td>
</tr>
<tr>
<td>Ethnicity:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-Aboriginal Aust.</td>
<td>reference</td>
<td>reference</td>
<td></td>
</tr>
<tr>
<td>Indigenous</td>
<td>-7.87 (3.47)***</td>
<td>-5.54 (3.29)***</td>
<td></td>
</tr>
<tr>
<td>Job characteristics / satisfaction:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Satisfaction about hours worked</td>
<td>0.34 (0.19)*</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Satisfaction about pay</td>
<td>-1.74 (0.16)***</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Satisfaction about job security</td>
<td>1.78 (0.18)***</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hours worked:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Involuntary part time</td>
<td>-</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Full time</td>
<td>0.02 (0.12)*</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Voluntary part time</td>
<td>-</td>
<td>0.58 (0.16)*</td>
<td></td>
</tr>
<tr>
<td>Probability to leave the job voluntarily</td>
<td>0.16 (0.01)***</td>
<td>0.16 (0.05)***</td>
<td></td>
</tr>
<tr>
<td>Tenure</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

* 10% significance, ** 5% significance, *** 1% significance, robust standard errors in parentheses. Constant not reported. Milled segment not reported.
Table 5  Driving forces behind fear of job loss, job-to-job movers, 2001–2005 (continued)

<table>
<thead>
<tr>
<th>Independent variables</th>
<th>Fear (1)</th>
<th>Fear (2)</th>
<th>Fear (3)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Satisfaction with job security</td>
<td>-6.29 (0.14)***</td>
<td>-6.23 (0.14)***</td>
<td></td>
</tr>
<tr>
<td>Contract type:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fixed term contract</td>
<td>reference</td>
<td>reference</td>
<td></td>
</tr>
<tr>
<td>Casual contract</td>
<td>-5.79 (1.10)***</td>
<td>-5.40 (1.21)***</td>
<td></td>
</tr>
<tr>
<td>Permanent contract</td>
<td>-7.35 (1.10)***</td>
<td>-7.30 (1.10)***</td>
<td></td>
</tr>
<tr>
<td>Task</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Stress related factors</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mental distress</td>
<td></td>
<td></td>
<td>-6.68 (0.82)***</td>
</tr>
<tr>
<td>Financial Pros.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Prospects</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Very comfortable</td>
<td></td>
<td></td>
<td>-3.12 (2.77)</td>
</tr>
<tr>
<td>Reasonably comfortable</td>
<td></td>
<td></td>
<td>-2.72 (2.08)</td>
</tr>
<tr>
<td>Getting along</td>
<td></td>
<td></td>
<td>-3.17 (2.73)</td>
</tr>
<tr>
<td>Poor</td>
<td></td>
<td></td>
<td>2.80 (3.33)</td>
</tr>
<tr>
<td>Very poor</td>
<td></td>
<td></td>
<td>-4.47 (5.43)</td>
</tr>
<tr>
<td>Probability to leave job voluntarily</td>
<td>0.07 (0.03)***</td>
<td>0.03 (0.01)***</td>
<td>0.03 (0.01)***</td>
</tr>
<tr>
<td>Confidence to find a job</td>
<td>-0.66 (0.81)***</td>
<td>-0.81 (0.01)</td>
<td>-0.81 (0.01)</td>
</tr>
<tr>
<td>Industry level (previously job industry)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Agriculture</td>
<td>12.64 (2.83)***</td>
<td>9.76 (2.55)***</td>
<td>9.24 (2.52)***</td>
</tr>
<tr>
<td>Mining</td>
<td>1.88 (2.87)</td>
<td>1.82 (2.61)</td>
<td>1.91 (2.22)</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>5.06 (1.50)***</td>
<td>4.16 (1.22)***</td>
<td>4.19 (1.21)***</td>
</tr>
<tr>
<td>Electricity, water, gas</td>
<td>4.94 (2.54)</td>
<td>2.45 (3.41)</td>
<td>1.93 (1.40)</td>
</tr>
<tr>
<td>Construction</td>
<td>7.10 (2.60)***</td>
<td>6.06 (1.61)***</td>
<td>6.11 (1.41)***</td>
</tr>
<tr>
<td>Wholesale</td>
<td>7.64 (2.68)***</td>
<td>6.31 (1.68)***</td>
<td>6.28 (1.48)***</td>
</tr>
<tr>
<td>Retail/restaurants</td>
<td>-1.62 (1.26)</td>
<td>1.21 (1.04)</td>
<td>1.21 (1.04)</td>
</tr>
<tr>
<td>Transport</td>
<td>6.24 (2.55)</td>
<td>1.44 (1.09)</td>
<td>1.48 (1.08)</td>
</tr>
<tr>
<td>Finance, property basis</td>
<td>4.51 (1.20)***</td>
<td>2.61 (1.03)***</td>
<td>2.54 (1.02)***</td>
</tr>
<tr>
<td>Government</td>
<td>reference</td>
<td>reference</td>
<td>reference</td>
</tr>
<tr>
<td>Cultural services</td>
<td>3.00 (1.77)</td>
<td>3.51 (4.12)</td>
<td>3.46 (1.42)</td>
</tr>
<tr>
<td>Adjusted R-squared</td>
<td>0.04</td>
<td>0.38</td>
<td>0.38</td>
</tr>
<tr>
<td>N</td>
<td>4,597</td>
<td>4,505</td>
<td>4,595</td>
</tr>
</tbody>
</table>

* 10% significance. ** 5% significance. *** 1% significance. Constant not reported.

To probe these seemingly surprising results further, we include two variables that might explain why job loss in the primary segment in the metropolitan area might have detrimental consequences for primary segment employees and as a consequence lead to more fear. If the upward escalators indeed exist in the primary segment in the city, employees might bring the future for the core. That is, they take on substantial debt burdens which can only be serviced in the future if career advancement occurs. Therefore, add the variables 'financial position' and 'mental distress' to the analysis. The second variable indicates a threat to climbing the internal job ladder in the p segment. The third column shows the results of adding these variables to the regression. The financial position does not affect one's fear of losing their current job. Distress does affect fear positively and it reduces the coefficient of the interaction 'metropolitan area X primary segment' further, but there is no sign reversal. An analysis is needed.

4 Conclusions

We use HILDA data to test three key findings arising from the international literature on the functioning of metropolitan labour markets.

1. Job mobility is higher in metropolitan areas.
2. Increased flexibility in the metropolitan area spurs career advancement in the primary segment of the labour market.
3. Increased insecurity in the metropolitan area obstructs career advancement in the secondary segment of labour market.

We find clear evidence that job mobility is higher in metropolitan areas. However, it is also important to determine what outcomes are driving this result. Increased confidence in the existence of new job opportunities also increases the likelihood of losing current jobs in metropolitan areas. We use this result and earlier findings by Mitchell, Muyits and Watters (2005) to test the two remaining key hypotheses drawn from the extant literature. Mitchell, Muyits and Watters (2005) show that when higher confidence in the future job (fear of losing the current job) is a motivation for job search, a person gets different (equal or worse) outcomes in terms of the quality of the new job compared to those in the existing job. We use this insight to test key findings (2) and (3). If the second key finding is true, confidence should be higher in the primary segment of the metropolitan market, indicating the existence of upward escalators. If the third key finding is true, confidence should be higher in the secondary segment of the metropolitan labour market indicating the existence of bumping down. We confirm key finding (2), but not (3) of the two hypotheses. The finding (3) raises the next research question: Have all metropolitan regions undergone dynamic change as the government has increased deregulated the labour market such that they no longer provide secure employment which dynamic (intergenerational) training allows job-specific skills to be passed on?

Acknowledgements

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References


