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Downward occupational mobility and job satisfaction: when does it hurt less?

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Introduction

Downward occupational mobility, defined by moving from a higher to a lower socio-economic class occupation, can be triggered by a wide range of factors such as economic recession, organizational restructuring and downsizing, and the implementation of labour-saving technologies. Downward mobility is an unpleasant life event because it is often accompanied by a loss of income and status (Social Mobility Commission, 2020). The detrimental effect of downward mobility on job satisfaction can persist for several years after the transition (Zhou et al., 2021), a pattern that mirrors the widely documented scarring effects of unemployment on life satisfaction (Clark et al., 2008; Clark and Georgellis, 2013; Luhmann et al., 2012).

This study examines the individual and contextual factors that moderate the negative effect of downward occupational mobility on post-turnover job satisfaction trajectory. Diverging from previous research which assumes that downward mobility is depressing for all, in this study we argue that the well-being impact of a downward career transition depends on how people evaluate such events in the context of their employment trajectories and the conditions of the local labour market. Specifically, individuals who have been exposed to greater adversity (e.g., an episode of unemployment) before moving into lower-skilled occupations may perceive such career transitions less negatively than those who drift down the occupational class ladder without the disruption of unemployment, because the event represents a gain for the former but a loss for the latter. Besides comparing with their own past experiences, individuals also compare themselves to others socially or geographically close to them. Misfortunes and hardships are easier to bear when they are shared with others as such experiences are more likely to be attributed to external factors instead of personal failure. When unemployment is relatively

common due to the ill health of the economy, downward career mobility is less likely to result in self-doubt or psychological distress.

This study is focused on the UK, which provides an ideal case for investigating occupational mobility. According to Esping-Andersen's (1990) typology, the UK is classified as a liberal market regime. Job mobility is relatively prevalent due to the relatively weak employment protection legislation that governs the hiring and firing process (Bukodi and Róbert, 2007; Gangl, 2003). Unlike coordinated market regimes which provide strong vocational training that channels individuals into specific occupations, liberal market regimes place a greater emphasis on training general skills (Hall and Soskice, 2001), leading to more permeable occupational boundaries and higher incidence of occupational mobility (Bukodi and Róbert, 2007). Further, job satisfaction is more sensitive to employment status in liberal market regimes due to the development of less inclusive welfare regimes, while high levels of regional inequality provide conditions for examining the importance of social comparison for subjective well-being.[1]

This study makes three contributions to the careers and employee well-being literature. First, by focusing on downward occupational mobility, it sheds light on this fairly common type of career behaviour which has hitherto received limited theoretical or empirical attention. Second, it highlights the relativity of subjective well-being by showing the same life event can affect individuals differently depending on what they have experienced in the past. Finally, it underlines the importance of the socio-economic context for understanding individuals' career choices and well-being at work. Although job change is often examined at the individual level, the way in which people experience it is shaped by the social environment in which they are embedded. Knowledge of when and why downward occupational mobility hurts less will enrich

theories of subjective well-being and help individuals anticipate the potential impact of a downward career move.

Downward occupational mobility and subjective well-being

Downward occupational mobility is a rarely investigated subject in the literature. In contrast to the large amount of research on the financial and psychological impact of unemployment, few studies have examined how individuals experience downward career changes. This omission is surprising given the widespread occurrence of this event over the working life. For instance, female employees who return to work after maternity leave often face elevated risks of downward career mobility due to the increased challenge of reconciling work and domestic responsibilities (Aisenbrey, Evertsson and Grunow, 2009). Individuals who lose their jobs during organisational downsizing often struggle to find new jobs of comparable quality to their previous posts, as evidenced by research showing that a disproportionately large number of unemployed people return to work by taking low skilled, low paid jobs with bleak promotion prospects (Brand, 2006; Gangl, 2006).

Downward occupational mobility is generally considered as an undesirable life event because it carries both pecuniary and non-pecuniary penalties. First, such career transitions are often accompanied by a decrease of income, given the close link between pay and occupational class (Gallie, 2015; Zou, 2015). Second, downward mobility threatens intrinsic job rewards, as a substantial body of research shows that employees in managerial and professional occupations have higher levels of task variety (Williams et al., 2020), job autonomy (Gallie and Zhou, 2013; Holman and Rafferty, 2018), skill development opportunities (Boxall and Macky, 2014; Dieckhoff, Jungblut and O'Connell, 2007), job security (Gallie, 2015; Kalleberg, 2013) and influence over organizational decision-making (Gallie and Zhou, 2020; Inanc et al., 2015). Last

but not least, the negative psychological effect of downward mobility persists for a long time after the transition (Zhou et al., 2021). Prospect theory suggests that individuals evaluate their lives in terms of gains and losses, and losses loom larger than gains (Kahneman and Tversky, 1979). Consistent with this prediction, research has identified the asymmetrical effects of positive and negative life events on subjective well-being. In contrast to the relatively transitory happiness generated by pleasant life events such as marriage, childbirth and pay raise, negative events such as unemployment and demotion have been shown to reduce subjective well-being for many years (Clark et al., 2008; Zhou et al., 2021). Based on the discussion, we propose:

Hypothesis 1. Downward occupational mobility has negative and enduring effects on job satisfaction following the career transition.

The moderating effect of self-comparison and social comparison

Downward occupational mobility is generally expected to decrease job satisfaction, but the magnitude of this effect may differ across individuals depending on how they perceive such events in the context of their career history and social environment. Subjective well-being is not only influenced by individuals' objective life circumstances, but also by how they evaluate these circumstances in relation to a meaningful reference point. People often engage in two types of comparisons: comparison with themselves in the past and comparison with others. The impact of downward occupational mobility on job satisfaction can be influenced by the outcome of these comparisons.

Self-comparison

Individuals constantly look to their past when making sense of their current circumstances. Similar objective circumstances can be interpreted differently by those with different past experiences. For instance, drawing on the British Household Panel Survey, Burchardt (2005)

finds that people's satisfaction with their current financial situation is influenced by their previous experience of material deprivation. At any given level of income, those who experienced falling income in the past were considerably less happy than those who reported constant income. Similar evidence has been revealed by other longitudinal research which shows that change in income has significant effects on job satisfaction after controlling for the baseline level of income (Clark, 1999; Grund and Sliwka, 2007; Vendrik, 2013). These findings suggest that individuals adjust their expectations and aspirations based on their past experiences. Good fortunes experienced in the past tend to reduce individuals' satisfaction with what they currently possess by setting a higher benchmark, whereas adversity experienced in the past has the opposite effect by making the present look better in relative terms (Dooley, Prause and Ham-Rowbottom, 2000).

In this study, we argue that self-comparison can also influence how individuals react to a downward career transition. Although downward mobility is usually seen in a negative light, the psychological impact of such an event could be mitigated when it is preceded by an even worse experience, such as a spell of unemployment. Research shows that unemployment is one of the worst life events for subjective well-being, to which individuals cannot adapt even after remaining unemployed for many years (Clark et al., 2008; Clark and Georgellis, 2013; Zhou et al., 2019). The negative impact of unemployment has been attributed to the loss of both income and the latent benefits provided by working life such as a clear time structure to the day, social contact outside the family, goals and purposes, personal status and identity, and enforced activity (Jahoda, 1982). Compared to unemployment, landing a job, even at a lower rung of the occupational ladder, still represents a significant improvement by relieving the financial and mental strain associated with job loss. By contrast, the effect of downward occupational mobility

can be more negative for those who directly transition from higher to lower occupational classes because for this group, the previous (and better) job serves as a natural benchmark against which the new (and worse) job is evaluated. Without the disruption of unemployment, valued features of the last job remain fresh in the memory. The contrast between the present and the past can result in a heightened sense of loss and frustration. In summary, a downward career transition can be perceived either as a gain or a loss depending on what precedes the transition, and this evaluation plays a critical role in shaping one's assessment of the new job. Based on the discussion, we derived our second hypothesis:

Hypothesis 2. Downward occupational mobility has less detrimental effects on post-turnover job satisfaction trajectory when it is preceded by a spell of unemployment.

Social comparison

Besides comparing with their own past, people also compare themselves to others when evaluating their opinions, abilities, and circumstances (Festinger, 1954). When individuals consider themselves better off than others, they experience higher levels of subjective well-being. As early as the 1940s, research showed that the US Army Air Corps were less satisfied with their promotion opportunities than the military police despite the fact that the former were promoted at a faster rate than the latter (Stouffer et al., 1949). The paradox was attributed to the different reference groups adopted by employees in different work units. These findings echo Runciman's (1966) study of relative deprivation, which also underlined the importance of reference group for shaping individuals' cognitions and emotions.

The argument about the relativity of subjective well-being also received support from later empirical research based on large-scale longitudinal data. For instance, Clark and Oswald (1996) find that job satisfaction rises with one's own income level but falls when the income of one's

peer group rises. Similarly, Bellet (2017) finds that individuals' satisfaction with their houses is negatively affected by the size of new properties built in their area. The importance of social comparison goes beyond income and material possessions. Jackson and Warr's (1987) study shows that unemployed people in the Northeast of England and Merseyside (referred to as the 'unemployment blackspot') reported better mental health than their counterparts living in areas with lower unemployment rates despite the former's greater material deprivation and higher mortality rates. Similarly, Platt, Micciolo and Tansella (1992) find lower suicide rates among unemployed people in regions with generally higher unemployment rates.

The same logic of social comparison can be potentially applied to understanding the psychological impact of downward occupational mobility, which may differ between those who live in regions with abundant job opportunities and those facing chronic high unemployment rates. For the former, steady employment in paid work and career progression are more likely to be seen as the norm. When downward career mobility occurs, it is more difficult to attribute the event to external forces which lie beyond individuals' control. By contrast, in environments where unemployment is prevalent and prospects for career advancement are scarce, a downward shift in one's career trajectory is often attributed to systemic economic failures rather than to individual factors such as insufficient skills or motivation. Moreover, when many people are in the same boat, individuals may enjoy greater emotional and social support from similarly strained peers, which can further buffer them from the detrimental psychological impact of downward occupational mobility (Cohen and Wills, 1985; Uchino, 2004). Based on the discussion, we propose:

Hypothesis 3. Downward occupational mobility has less detrimental effects on post-turnover job satisfaction trajectory among employees who live in regions with higher levels of unemployment.

Data, measures and methods

Data

This study is based on the UK Household Longitudinal Study (UKHLS) which was carried out by the Institute for Social and Economic Research at the University of Essex to provide information on social and economic changes in the UK. The first survey was conducted in 2009 in 26,000 households in England, Scotland, Wales, and the Northern Island based on the General Population Sample. Information was collected through face-to-face interviews with each member of sampled households, with a response rate of 57% at the household level and 82% at the individual level within participating households. Respondents who participated in the first survey were reinterviewed every year until the present.[2] Of the initial respondents interviewed in 2009, 52% were still participating in the study after six years.[3] In total, the UKHLS covers approximately 100,000 individuals from 40,000 households from the UK. Our analysis is focused on employees aged 18 to 65 interviewed between 2009 and 2019, with 203,167 person-year observations. As downward occupational mobility only affects a subsample of employees, the final sample is substantially reduced. More details on sample selection are described in the next section.

Measures

The dependent variable is job satisfaction, one of the most commonly used measures of work-related well-being. Compared to global measures of subjective well-being such as life satisfaction and mental health, job satisfaction is more sensitive to work-related events. In the UKHLS, job satisfaction is measured by a single question: 'All things considered, how satisfied or dissatisfied are you with your present job overall?' Answers were made on a 7-point response scale ranging from 'completely dissatisfied' to 'completely satisfied'. The independent variable

is downward occupational mobility, which is measured by a comparison of an individual's Standard Occupational Classification (SOC) 2000 codes across adjacent survey years. Following the conventional practice (Inanc et al., 2015; McGinnity and Russell, 2013), we grouped 'Managers', 'Professionals' and 'Associate Professionals' into a higher socio-economic occupational class (A); 'Clerical', 'Craft' and 'Personal Service' workers into an intermediate occupational class (B), and 'Sales', 'Machine Operatives' and 'Elementary' workers into a lower socio-economic occupational class (C). Downward occupational mobility was then defined by a change of occupation from A to B, B to C, or A to C.[4]

Next, we distinguished individuals who moved from a higher to a lower socio-economic class occupation with and without experiencing the disruption of unemployment. The first group consists of those who were employed in a higher occupational class two years prior to making a downward career transition (t-2), entered unemployment a year before the transition (t-1), and then became re-employed in a lower occupational class (t). An example is someone who worked as a storekeeper in 2009, entered unemployment in 2010, and then became reemployed as a retail check-out operator in 2011. The second group consists of those who moved directly from higher to lower occupational classes without leaving the labour force, an example of which is someone who worked as a care assistant in 2015 and became a cleaner in 2016. We used time dummies to track the timing of turnover. The lead dummies measure up to three years before turnover and the lag dummies measure up to five years after turnover, in line with previous research on the anticipation and adaptation effects around major life events (Clark et al., 2008).

We take into account multiple downward career transitions made by the same individual. For instance, if someone experienced downward occupational mobility more than once, then each spell will contribute to the estimated coefficients of downward occupational mobility on job

satisfaction. The tracking stops when the individual made an upward or lateral career transition, left the labour market, or dropped out of the study. This approach enabled us to capture all incidents of downward occupational mobility observed among the UKHLS respondents over the last decade, with the exception of very short jobs held between adjacent survey years.

We identified a total of 4,340 incidents of downward occupational mobility (Table 1), including 1,780 transitions from higher (A) to intermediate occupational classes (B), 1,539 from intermediate (B) to lower occupational classes (C), and 1,021 from higher (A) to lower occupational classes (C). The majority of downward career transitions (3,314 out of 4,340) were not preceded by unemployment, while 225 were preceded by a spell of unemployment. It is notable that the overall sample of downward mobility is larger than the sum of the two subsamples due to missing values on employment status in some years which did not allow us to distinguish different types of transitions. Amongst those who have experienced downward occupational mobility, 93.2% experienced it once, 6.5% experienced it twice and less than 1% experienced it three times or more. Table 2 shows the sample sizes of lead and lag dummies for different types of downward mobility.

Information on regional unemployment rate is provided by the UK Office for National Statistics. We selected the unemployment statistics which cover the same period as the UKHLS (2009–2019) and merged the data with the main survey by region identifier. Although unemployment rates vary over time in line with economic cycles, the relative rankings of regions have been stable over time. Regions with high levels of unemployment include the Northeast, Yorkshire and Humber, West Midlands and London, and regions with low levels of unemployment include the Southeast and the Southwest (Tables 1 and 2).[5]

Tables 1 & 2

Methods

We used fixed effect models to analyse the dynamic effect of downward occupational mobility on job satisfaction trajectory. The main advantage of fixed effect models lies in its ability to remove the confounding influence of unobserved individual heterogeneity which may correlate with both dependent and independent variables (McNeish and Kelley, 2019). Some people may be more prone to stressful life events than others due to unobserved individual attributes (such as pessimism). Comparing those who experience downward career mobility with those who do not have such experience can lead to biased conclusions if unmeasured personal characteristics predispose individuals to both downward career mobility and lower well-being. Fixed effect models effectively remove the contaminating influences of time-invariant personal attributes by focusing on within-individual variations over time. In addition to time-invariant individual characteristics, we have also controlled for a range of factors which can vary at the individual level over time. The control variables include age, marital status (living with a partner or not), number of children (continuous), physical health impairment (yes or no), type of work contract (part-time or full-time), education level (degree, other higher qualifications, A level, GCSE, other qualifications or no qualifications) and survey year.[6]

The analysis takes three steps, with each addressing a hypothesis. First, we draw on the full sample to examine how job satisfaction changes as an individual experiences a downward career transition. Second, we compare the job satisfaction trajectories of those who move down the occupational class ladder with and without experiencing a spell of unemployment prior to the

transition. Finally, we analyse the differences in the effect of downward occupational mobility on job satisfaction for those who live in regions with high levels of unemployment and low levels of unemployment. In all analyses, we present the results first without controls and then with controls.[7] Listwise deletion was used to remove the cases with missing values from the fixed effect analysis.

Results

The results of the fixed effect analysis of the dynamic effect of downward occupational mobility on job satisfaction for all employees are presented in Table 3 and plotted in Figure 1. To increase transparency, we present the results first without including control variables in the model and then with controls included. The key independent variables are the lead and lag dummies that measure the temporal effect of downward occupational mobility on job satisfaction. "t" measures the year in which downward mobility occurs. The lead dummies (t-1, t-2, and t-3) measure up to three years before the transition and the lag dummies (t+1, …, t+5) measure up to five years after the transition. The coefficient of a time dummy reflects the deviation of job satisfaction from the baseline level. A significant coefficient suggests that job satisfaction is different from the baseline in the reference year with the sign indicating the direction of deviation.

The first model of Table 3 (illustrated in Figure 1) shows that job satisfaction declined before a downward career transition was made, as the coefficients of the three lead dummies are significant and negative. The size of the effect increased over time ($\beta_{t-3=}$-0.169, $p<0.001$; $\beta_{t-2=}$-0.271, $p<0.001$; $\beta_{t-1=}$-0.463, $p<0.001$), which suggests that people became increasingly disenchanted before they quit their jobs. This is consistent with previous research which shows that low levels of job satisfaction predict turnover (Lévy-Garboua, Montmarquette and Simonnet, 2007). The lag dummies suggest that job satisfaction briefly recovered when people

first entered their new jobs (evidenced by the non-significant coefficient of t). However, this improvement was only temporary. A year after turnover, job satisfaction dropped below the baseline again and then stayed below the baseline for most of the follow-up years. With controls, the coefficients of the lag dummies are significant in four out of five years (β_{t+1}= -0.125, $p<0.001$; β_{t+2}= -0.154, $p<0.01$; β_{t+3}= -0.138, $p<0.05$; β_{t+4}= -0.326, $p<0.001$). These results are consistent with *Hypothesis 1*.

Table 3 & Figure 1

We next turn to compare employees who moved down the occupational class ladder with and without experiencing unemployment prior to the transition. Due to reduced sample sizes, we have included a smaller set of lag dummies to track post-turnover job satisfaction trajectory for each group. Consistent with *Hypothesis 2*, the results in Table 4 (illustrated in Figure 2) suggest that people reacted less negatively to downward mobility when it was preceded by a spell of unemployment.[8] For this group, the coefficients of all the lag dummies are statistically non-significant (with or without controls). By contrast, individuals who moved from higher occupational classes into lower occupational classes without leaving the labour force reported a worse pattern of reaction to the new job. For this group, job satisfaction was significantly below the baseline in each year since turnover and there was little sign of improvement over time. We examined between-group variation in fixed effect models by including a time-constant variable of unemployment as a group indicator (which takes the value of 1 for all waves since the respondent experienced unemployment) and then interacting it with the lag dummies for downward occupational mobility. This analysis revealed significant and positive interaction

between unemployment and four of the five lag dummies, which suggests that the detrimental effect of downward occupational mobility on job satisfaction trajectory is mitigated by an individual's previous experience of unemployment. This evidence is fully consistent with *Hypothesis 2*.

Table 4 & Figure 2

Finally, we compared the impact of downward occupational mobility on job satisfaction for those who reside in regions with different levels of unemployment. In line with our expectation, individuals reacted less negatively to downward mobility when they live in regions with higher levels of unemployment (Table 5 and Figure 3). Specifically, the coefficient of t is negative for those who live in regions with low levels of unemployment but positive for those in regions with high levels of unemployment, although the effects were non-significant. In the second year, job satisfaction dropped below the baseline for the former but not for the latter. The effect is similar in the third and fourth years, but disappeared in the fifth year. By and large, the results from Table 5 suggest that those who live in regions with high unemployment suffer less psychologically from downward occupational mobility, which is consistent with *Hypothesis 3*. However, it is notable that over time, the coefficients of the lag dummies grew increasingly negative in regions with high levels of unemployment. Although the effects are non-significant (possibly due to small sizes from sample attrition), it nonetheless suggests that downward career mobility may have different effects in the short term and long term.[9] These propositions require further investigations.

Table 5 & Figure 3

Robustness checks

We carried out a series of robustness checks to ensure the reliability of our conclusion. Firstly, we refined our approach to measuring downward occupational mobility. Instead of using three broad categories based on high, medium, and low skills, as in our main analysis, we employed a more nuanced method. This involved tracking occupation changes across nine major groups, classified by the 1-digit Standard Occupational Classification 2000 (SOC-2000). In addition, we also tried using the International Standard Classification of Occupations 1988 (ISCO-88) to measure occupational mobility. The additional analyses (Tables A1-A6) revealed a pattern similar to our original findings with respect to the main effect of downward occupational mobility on job satisfaction trajectory. The impact of downward mobility on job satisfaction, both with and without prior unemployment experience, also aligns closely with our main analysis findings. However, a notable difference is observed in regional impact. In the robustness checks, the effect of downward occupational mobility on job satisfaction remains more positive in regions with higher levels of unemployment in the short term, but it grows more negative over time. The pattern is more pronounced with the measures based on ISCO (Table A6) than SOC (Table A3). It cannot be ruled out that downward occupational mobility is more problematic in regions with high levels of unemployment from a long-term perspective. Secondly, we contrasted two distinct groups: individuals who experienced downward occupational mobility only once and those who encountered it multiple times during the survey period. The findings,

detailed in Tables A7-A10, show comparable patterns of response and adaptation to downward mobility in both groups, although the effect was statistically significant for a shorter range of lag dummies in the group experiencing multiple downward career transitions, which may be attributed to the smaller sample sizes in this subgroup. Thirdly, we revised our approach to regional classification by contrasting eight UK regions, characterised by relatively high and low unemployment levels, as opposed to the initial six regions differentiated by very high and low unemployment levels. This adjustment yielded results largely in line with our main analysis, with the exception that the last lag dummy displayed a significant coefficient (Table A11). Fourthly, we conducted a reanalysis of the regional effects, this time focusing specifically on employees with lower educational qualifications, based on the premise that workers with less education might have different benchmarks for social comparisons compared to their highly educated counterparts. The results show a pattern of regional effects largely mirroring our main analysis, with the effects significant for a smaller set of lag dummies possibly due to reduced sample sizes (Table A12). Finally, our analysis was replicated using data from the British Household Panel Survey (BHPS), the predecessor to the UKHLS. The BHPS tracked approximately 10,000 individuals in 5,500 households across Britain from 1991 to 2008. The patterns of the effects of downward occupational mobility on job satisfaction with and without prior unemployment close align with those derived from the UKHLS (Table A14). The negative effects of downward mobility in regions with lower levels of unemployment are significant for three lag dummies (Table A15). Besides overall job satisfaction, the BHPS also gathered data on satisfaction with specific job aspects such as pay, job security, work itself, and work hours. Particularly noteworthy was the close alignment between satisfaction with work itself and overall job satisfaction, following downward occupational mobility. This suggests that the impact of

downward mobility on job satisfaction is predominantly influenced by intrinsic factors related to the job, as shown in Table A16.

Discussion

This study has examined the dynamic effect of downward occupational mobility on job satisfaction trajectory and the individual and contextual factors that moderate this effect. Drawing on ten years of longitudinal data provided by the UKHLS, our analysis shows that downward occupational mobility increases job satisfaction temporarily when people first enter their new jobs, but the effect becomes negative in the long term. However, these effects are moderated by individuals' career history and the conditions of their local labour markets. When downward occupational mobility is preceded by a spell of unemployment, it does not reduce satisfaction with the new job. By contrast, when people move directly from higher into lower socio-economic class occupations, they suffer a significant loss of job satisfaction which lasts for several years after the transition. It appears that unemployment plays a 'reset' role by reducing comparison with the distant past and increasing satisfaction with what one currently possesses.

Our second main finding is the variation in the impact of downward occupational mobility across regions with different levels of unemployment. Comparing six UK regions with the highest and lowest levels of unemployment, our analysis shows that individuals react less negatively to downward occupational mobility when they reside in regions with higher unemployment rates. A potential interpretation of this finding is that individuals are less likely to blame themselves for macro-economic factors that lie beyond their control. When career progression is difficult due to the structural constraints of labour market, downward mobility carries less social stigma and psychological strain. These findings echo previous research that underlines the importance of social comparison for subjective well-being. However, it should be

noted that the effect of downward occupational mobility on job satisfaction is not necessarily static. Individuals may react to such career transitions more positively at first, but their well-being can deteriorate in the long term due to the bleak prospects in regions with higher levels of unemployment.

This study makes a few contributions to the careers and well-being literature. First, it has investigated the well-being impact of an under-explored career phenomenon. Downward occupational mobility accounts for around a fifth of career changes in the UK (Zhou et al., 2021), but extant research has predominantly focused on career progression. This study is an attempt to address this imbalance by shedding light on how individuals navigate a downward shift in their career trajectory. Second, this study has revealed substantial variations in the psychological impact of downward occupational mobility. Downward mobility may or may not reduce job satisfaction depending on what individuals have experienced in the past, which plays a significant role in shaping their expectations and aspirations. Similarly, subjective well-being is also influenced by social comparisons. Although downward occupational mobility is often seen as an undesirable life event, it may have less negative effects on job satisfaction when the experience is shared by others and can be potentially attributed to external causes. The logic can be applied to understanding the well-being impact of a broad range of life events. Instead of assuming the same event impacts everyone uniformly, assessing its impact from a relative perspective by taking into account one's past experiences and broader social context can yield more insightful conclusions.

Practical implications

This study underlines the importance of work and employment for protecting individuals' subjective well-being. The evidence that a downward career transition does not hurt when it is

preceded by an episode of unemployment suggests that individuals have inherent needs to engage in paid work. Active labour market policies aimed at helping unemployed people to re-enter the labour force can play an important role in mitigating the deleterious effect of unemployment. In addition, the finding that direct transitions from higher into lower socio-economic class occupations lead to prolonged periods of frustration points to a need for polices to reduce the risks for downward career mobility, for example, by expanding high quality vocational training and containing the spread of precarious work. Finally, although this study shows that downward mobility hurts less in regions with higher levels of unemployment, it should be pointed out that chronically high unemployment implies diminished long-term prospects for everyone. While social comparison may provide a temporary psychological relief, the scarcity of high quality work opportunities will ultimately impede the development of capabilities, aspirations and overall well-being.

Limitations

Despite the contributions, this study has a few limitations. First, the sample of downward occupational movers may not be representative of the UK labour force due to missing values and sample attrition over time. The results thus need to be taken with some caution. Second, the measure of occupational mobility was based on rather broad categorisation of occupations, and we did not have information on the underlying reasons behind the observed career changes. The consequences of downward mobility may arguably differ between those who struggle to find more desirable jobs and those who choose to downsize their careers due to values and preferences. Third, the impact of social comparison on subjective well-being may be more nuanced than revealed by this study. While we used region as a proxy for social environment (due to data availability), it is unclear if people compare themselves to others in their

neighbourhood, town, city, region, or country. The ambiguity of reference group could be a reason for the less conclusive results at the regional level. Finally, this study was based on data from the UK, and as such our conclusions may not be generalisable to other countries. The impact of downward career mobility on job satisfaction can be moderated by policies, institutions, and labour market characteristics. For instance, in nations characterised by reduced disparities in occupational class inequality, individuals may experience less severe scarring effects following downward career mobility due to smaller gaps in wages and working conditions cross different classes. Similarly, in egalitarian countries marked by lower degrees of regional inequality, the influence of social comparison on shaping subjective well-being may be comparatively diminished as individuals might place less emphasis on comparing their situations with others. Last but not least, in countries that provide more comprehensive unemployment benefits, the detrimental psychological effect of unemployment may be mitigated because such welfare systems enable individuals to undertake more structured and strategic searches for jobs that match their skills and preferences without experiencing economic hardships. Future research should explore how policies, regulatory frameworks, and institutional structures can effectively alleviate the impact of adverse life events on individuals' subjective well-being.

Notes

[1] A recent study of 28 indicators in 30 OECD countries shows that the UK is one of the most regionally unbalanced economies in the industrialized world (McCann, 2020).

2 Detailed information about the UKHLS can be found at https://www.understandingsociety.ac.uk/documentation/mainstage

3 Sample attrition rates were higher among youngest age groups, men, non-whites, residents of Greater London and those on low incomes. For more details about sample representativeness and attribution biases, see https://www.understandingsociety.ac.uk/sites/default/files/downloads/working-papers/2018-01.pdf

4 Although occupational class is generally positively associated with job quality, research shows that the hierarchy is less clear-cut for the intermediate occupations (Williams, Zhou and Zou, 2020). For instance, it is difficult to determine whether moving from skilled trades to administrative work represents upward, lateral, or downward mobility. To minimize the risk of misclassification, we have grouped all occupations into three broad classes. In addition, we have carried out a large number of robustness checks to ensure that our results are not affected by the way in which downward occupational mobility is measured. The robustness checks are available in the online appendix.

5 Over the UKHLS survey period (2009-2019), the average unemployment rate is 8.2% in Northeast, 7.1% in Yorkshire and Humber, 7.2% in West Midlands, 7.2% in London, 4.8% in Southeast and 4.8% in Southwest.

6 Research shows that job satisfaction is associated with education (Clark, 1996), marital status (Georgellis, Lange and Tabvuma, 2012), caring responsibilities (Boyar and Mosley, 2007), health (Faragher, Cass and Cooper, 2013) and type of contract (Callea et al., 2016). In addition to demographic characteristics we also control for survey year to take account of period effects. We chose not to include job characteristics (e.g., pay) in the controls as they can mediate the relationship between occupational mobility and job satisfaction. However, our further analysis including these controls (available upon request) does not alter the conclusion.

7 The analysis was performed on unweighted data as the UKHLS does not provide weights for unbalanced data.

8 The lead dummy ‘t-1’ in Model 1 and Model 2 measures the year in which people entered unemployment. Job satisfaction was reported by a small number of respondents despite the fact that they were unemployed in the year. The low scores most likely reflect dissatisfaction with employment status (i.e., not having a job) instead of job quality.

9 In some of our robustness checks using different measures of downward occupational mobility (which are available in the online appendix), the negative coefficients of the lag dummies were significant in regions with higher levels of unemployment.

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