

The anatomy of job polarisation in the UK

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Link to paper:
<https://sites.google.com/site/econsalvatori/polarisation>

Polarisation and computerisation

The (mostly US-focused) literature supports a demand-centred story:

- Middling “routine” jobs easier to automate
- All education groups have lost shares in middling jobs
- Polarisation of occupational wages in 1990s
- Over time, stronger growth at the bottom
- No growth at the top the 2000s

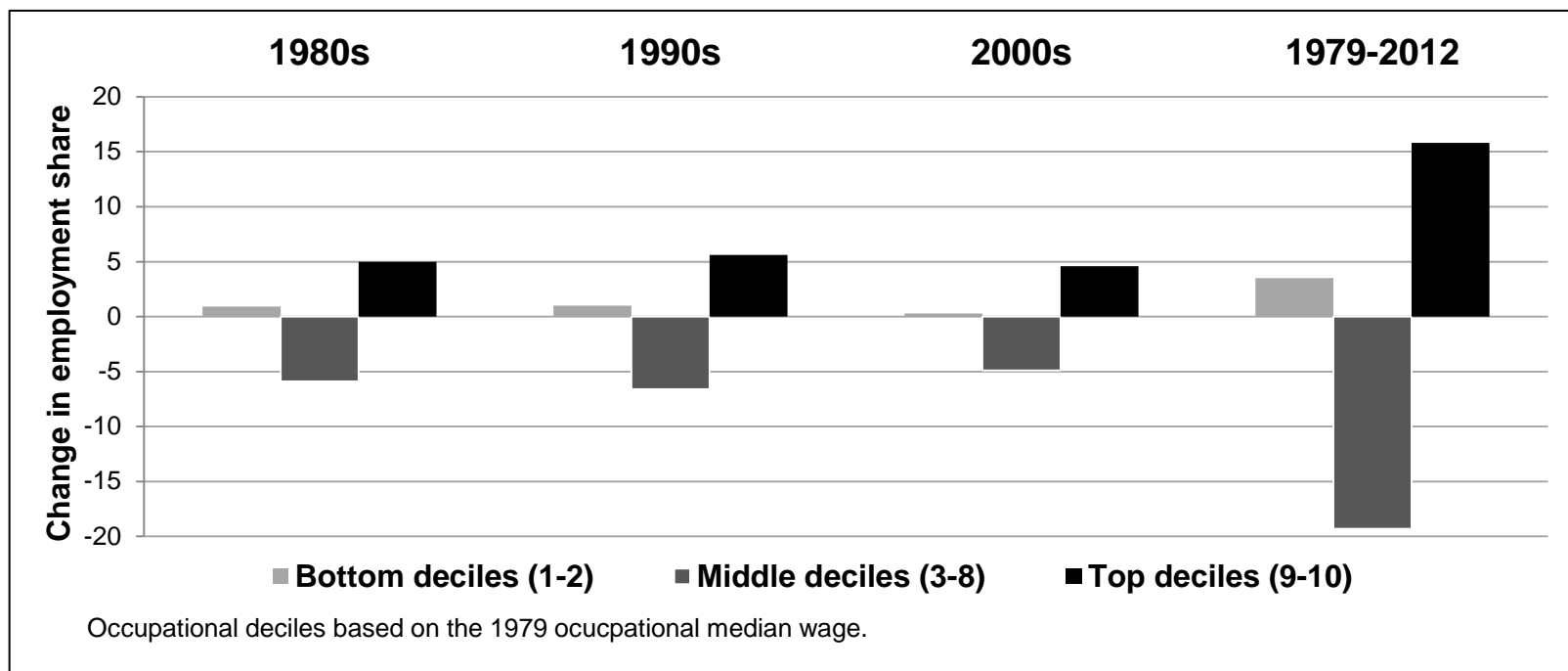
❑ Is polarisation in the UK different?

Among employees, since 1980:

- ❑ % graduates triplicated
- ❑ % immigrants doubled

❑ Is there a role for these supply-side changes?

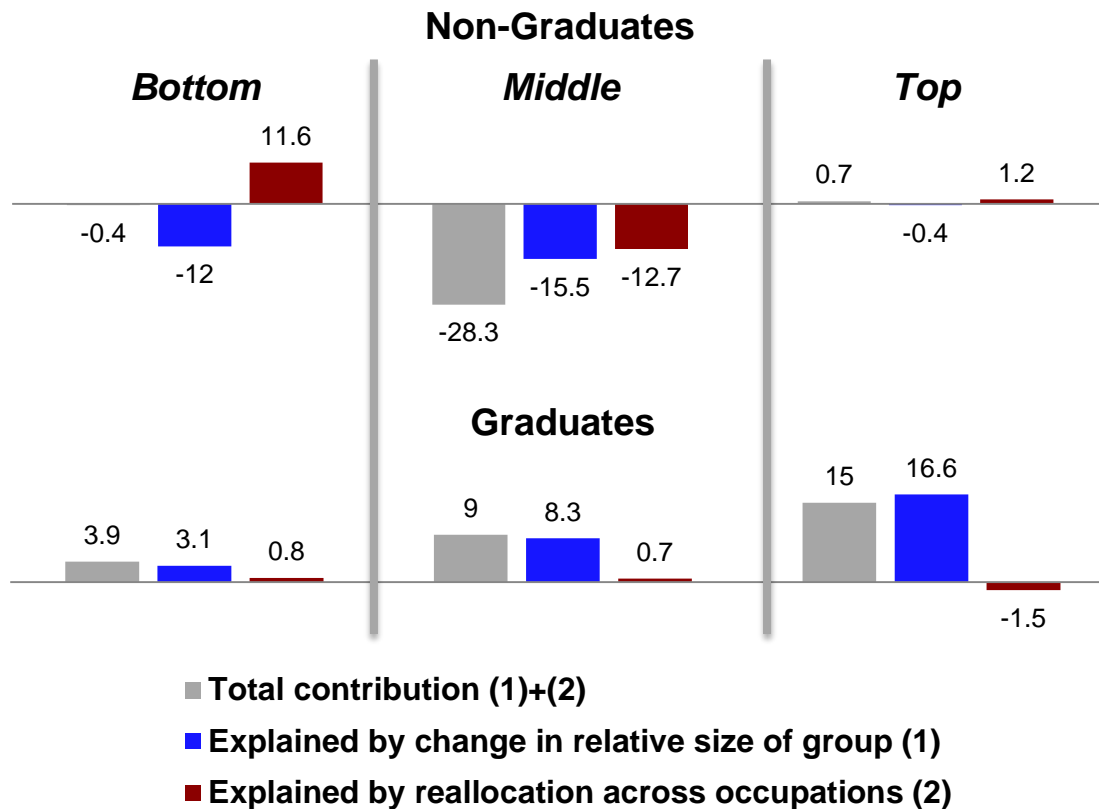
Job polarisation in each decade, 1979-2012



Growth at the top always larger than at the bottom:

Top has gained 16pp of the 19pp lost by middle

Polarisation is a non-graduate phenomenon (1979-2012)



Compositional changes:

- >50% non-graduate decline in middle
- 100% graduate increase at the top

Changes within groups:

- Non-grads moved to the bottom

At the bottom:

- Net growth is grads
- **But** reallocation of non-grads offsets decline from educational improvement

2000s: graduates and immigrants more important

Bottom occupations:

- Education upgrading continues while
 - Reallocation of non-grads slows down
 - Graduates shift towards the bottom
- Number of immigrants increases
 - ➔ Native graduates and immigrants are main contributors to growth of bottom occupations
 - ➔ Overall contribution of natives is negative: in the aggregate, educational upgrading stronger than reallocation to bottom.

Contribution of immigrants not limited to bottom occupations:

- (Graduate) immigrants account for 35% of growth at the top (up from 16% in 1990s)

Occupational wages have not polarised in any decade

- ❑ No evidence of decline in wages in middling occupations in any decade

- ❑ Performance of median wages in top occupations deteriorates over time – and it is worst in the 2000s.
 - ➔ Points to importance of supply at the top

So, polarisation in the UK is different from the US

The findings on

- 1) importance of educational upgrading
- 2) occupational wages

are not consistent with a simple demand-based story and suggest that supply-side changes played an important role in the UK.

→ particularly in the 2000s when growth at the top stalled in US

Impact of technology on labour market more complex than often suggested.

Technology is certainly important, but it is its interaction with the skill structure of the workforce that determines what happens to the quality and quantity of jobs.