



BRIEFING

WORK

The hidden barrier to labour market dynamism

With sluggish labour market dynamism inhibiting UK productivity growth, this briefing explores the role of job moves among economically insecure workers.

Published on: 15 October 2026

Written by: Camron Aref-Adib, Nadim Hamdan, Rivka Smith

Reading time: 17 minutes

Executive summary

The dynamism of economically insecure workers is vital to increase productivity, living standards, and improve growth in the economy. Before the Great Financial Crisis, labour market dynamism was contributing 20% of all productivity growth. Since 2008, it has contributed nothing.

Discussions around dynamism have traditionally focused on boosting it among middle- and high-income households. On the face of it, this makes sense: these 2 groups have lower job-to-job move rates than low-income households. However, this briefing shows the reality is more nuanced.

Because they move job more often lower-income, economically insecure workers have not been the focus of efforts to boost dynamism, but new JRF analysis has 3 reasons why they should be:

1. **Being economically insecure makes it less likely that a job move leads to an increase in pay** — while lower-income workers are more likely to move jobs overall, it's not boosting positive economic dynamism as much as you might think.
2. **Greater economic security is positively associated with willingness to take risks** — and workers who are more willing to take risks are more likely to move jobs. Therefore, policies to increase economic security for low-income workers, such as rent controls and an essentials guarantee, can reduce risk aversion and boost positive labour market dynamism.

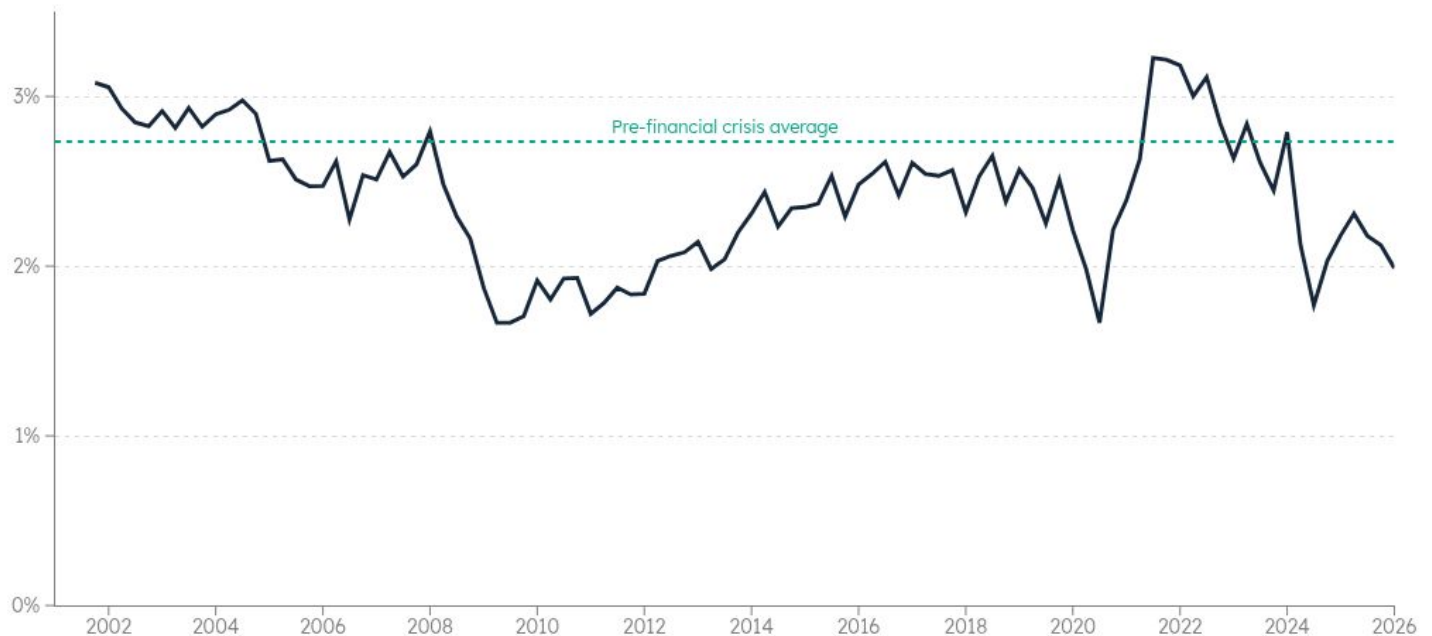
3. **Economically insecure workers are more likely to move jobs in stronger labour markets** — ensuring plenty of jobs are available can help economically insecure workers take more risks in the labour market; a possible way to boost dynamism, and thereby productivity.

1. The state of labour market dynamism

The financial crisis fundamentally transformed the state of labour market dynamism in the UK. Between 2002 and 2007, on average 2.7% of people moved from one job to another each quarter (the ‘job-to-job move’ rate). Since then, the only quarters that have seen figures higher than 2.5% have been in the immediate aftermath of the COVID-19 pandemic. And in fact, since 2023, we have seen a downward trend in dynamism, as highlighted in Figure 1, the quarterly job-to-job move rate now stands at just 2%.

Figure 1: Job-to-job mobility remains well below its pre-financial-crisis average

Rate of job-to-job moves, quarterly; 2002-2008



Source: ONS, Labour Force Survey.

Note: Green dashed line is 2002-2007 average rate of job-to-job moves.

Why this matters for productivity

This slowdown really matters for productivity. Labour market dynamism plays an important role in productivity growth by ensuring that workers find roles that better match their skills, and allowing high-productivity firms to attract the talent they need to grow (while less productive firms cease to exist). Stronger labour market mobility boosts firm innovation, by promoting knowledge diffusion and positive spillovers from research and development (Braunerhjelm, Ding and Thulin, 2020).

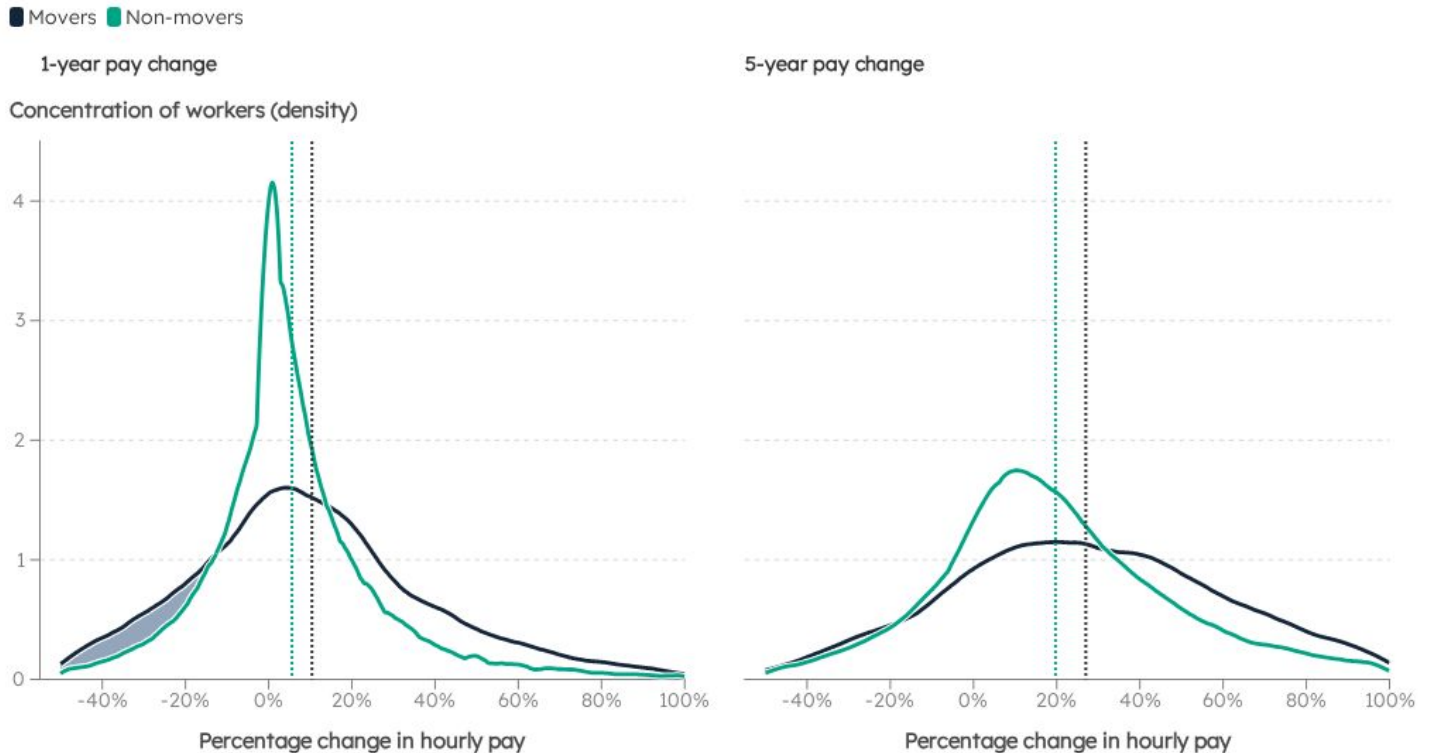
Indeed, the magnitude of the effect of dynamism on productivity is substantial. Between 1997-2007 labour market reallocation contributed 0.4 percentage points per year to productivity growth (20% of all productivity growth during the period). Between 2008 and 2019 this fell to zero (Davies, Hamdan and Thwaites, 2023).

The push-pull factors for dynamism

Dynamism matters for people too. Job moves are key parts of pay growth and career progression, and on average those who move jobs see higher wage growth. The left-hand panel of Figure 2 shows that average wage growth is 4.8 percentage points higher 1 year later for those that move jobs compared with those who don't (10.4% vs. 5.6%). This difference in pay growth between movers and non-movers increases to 7.3 percentage points 5 years after the initial job move, as highlighted in the right-hand side panel of Figure 2 (27% vs 19.7%).

Figure 2: Moving job can support pay growth, but involves short-term risk

Distribution of hourly pay changes among movers and non-movers, over 1 year and 5 years



Source: JRF analysis of Understanding Society.

Note: Movers are workers who report changing employer in the following year. Pay changes are measured over 1 year (left panel) and 5 years (right panel). In the 5-year panel, workers remain grouped by whether they moved in the first year, although they may move again subsequently. The vertical axis shows the concentration of workers around different levels of pay change, with higher values indicating a greater concentration. Dashed lines show average pay change for movers (black) and non-movers (green). The shaded area highlights the additional risk of movers experiencing a pay fall of more than 10%.

However, there is risk associated with changing jobs. The shaded area in the left-hand panel of Figure 2 captures the additional risk faced by movers relative to non-movers. Over the following year, 23.4% of movers experience a pay fall of more than 10%, compared with 16.7% of non-movers — a difference of 6.7 percentage points.

This elevated risk dissipates over time — the right-hand panel shows that movers are less likely than non-movers to experience a fall in pay over 5 years, as the shaded area is absent.

This is a fundamental trade-off workers face when deciding whether to move jobs: on average, moving pays off, but there is a risk that things get worse, particularly in the short term. This trade-off is accentuated for the most economically insecure workers — workers who are likely to face (among other things) low income, limited savings, or unstable housing.

Their current circumstances are difficult, so they might feel the need to move to a better, higher-paying job (the push factor). But on the flip-slide, without savings or a buffer of some sort, they might feel unable to take the risk of moving jobs (the pull factor), even if the potential upside is high (Eeckhout and Sepahsalari, 2023; Faragher, 2026).

JRF's qualitative analysis supports this position and suggests that economic insecurity creates a 'job mobility penalty' — not because economically insecure people lack ambition or because they don't desire better jobs, but because their situation means they can't absorb income shocks, they can't risk failed transitions, they have fewer (if any) financial buffers, and they have more to lose from the uncertainty than people with more economic security:

"Maybe you've been sold a job, and you get into the job. Sometimes it works out, but it's not always the case. I'm not saying it's not the case because you can actually change jobs and you can find something that's better for you out there, you can... but you always have the risk that it may not be so."

Grounded Voices Participant, male, 47, England

Economic insecurity doesn't reduce people's aspirations, but it reduces their capacity to act on them. It is the interplay of these factors which is fundamental to understanding how labour market dynamism among economically insecure households plays out.

2. Insecurity raises mobility, but not as much as you think

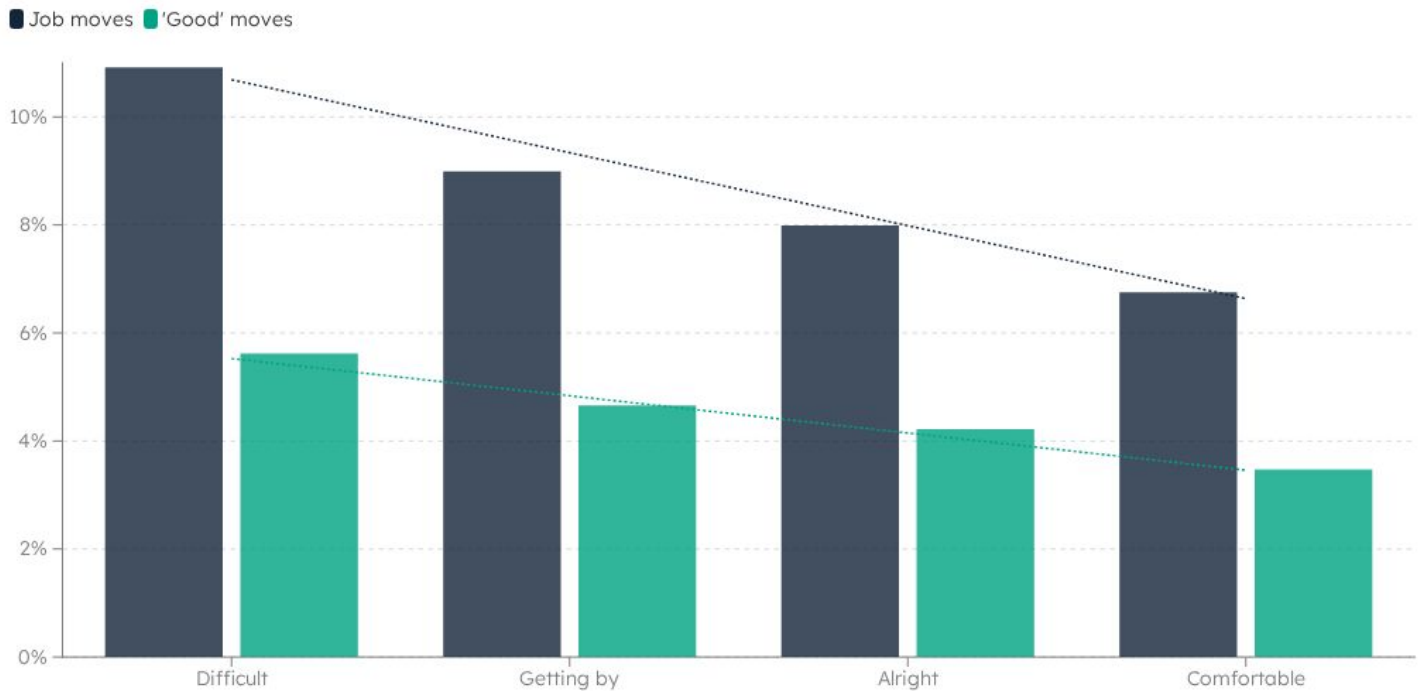
Boosting labour market dynamism has often focussed on how to increase mobility among middle- and high-income households (Brewer and Murphy, 2023) as these groups tend to have the lowest rates of job mobility. We extend this by looking at economic security rather than income alone, since economic security reflects not just the resources people have, but also their exposure to risks or financial shocks and their ability to cope with them (Cooke, 2023).

We measure economic security using Understanding Society respondents' answers to how well they are managing financially, combining 'finding it very difficult' and 'finding it quite difficult' into a single 'finding it difficult' group, alongside 'getting by', 'doing alright' and 'living comfortably'.

On this measure, we see that the most economically insecure workers move jobs the most. Figure 3 shows that 10.9% of individuals who describe their economic situation as difficult move jobs within a 1-year period, compared with 6.7% of those who describe themselves as comfortable. The lower number of job moves we see happening as workers become more economically comfortable explains why efforts to boost dynamism have, traditionally, focused on more economically secure households; but is this the best approach? If we dig deeper, the situation is more nuanced.

Figure 3: Economically insecure workers are more likely to move jobs

Share of workers making any job move, and a 'good' move, by economic security group



Source: JRF analysis of Understanding Society.

Note: Job move is defined as workers reporting a different employer. 'Good' moves are job moves associated with at least 5% increase in hourly pay. Dashed lines show the linear trend of job moves (black) and 'good' moves (green).

For a start, not all dynamism is productive or even voluntary. Some job moves are forced because of redundancy, agency work and zero hours contracts, and some job moves represent churn between similar roles. It is possible these factors are more prevalent for economically insecure workers. To dig into this, Figure 3 also presents the picture when only looking at job moves that lead to (at least) a 5% pay increase (from hereafter defined as 'good' job moves). The most economically insecure group are still more likely to make good job moves, but the difference between groups is

smaller.

Another way to explore this is through a simple regression analysis to control for background characteristics including past pay and age, as shown in Figure 4. The most insecure group ('finding things difficult') is 3.3 percentage points more likely to move jobs over a 1-year period than the most secure group ('comfortable').¹ When you add some controls to this regression (age, pay, wave fixed effects), this falls slightly to 3.2 percentage points. The gap falls further to 3.0 points when forced job moves are excluded.²

When only looking at the probability of individuals making 'good' job moves (for example, excluding forced or bad moves) the estimate halves: the economically insecure are only 1.6 percentage points more likely to move to a better-paid job than economically secure households.

Put another way, when we look only at those who change jobs, after controlling for background characteristics, we see that insecure workers ('difficult') are 6.1 percentage points less likely to make good job moves than secure workers ('comfortable').

Figure 4: Economically insecure workers move more, but half of the gap reflects forced or 'bad' moves

Difference in the probability of job move between economically insecure and secure workers

Raw Adjusted Adjusted excluding forced moves Adjusted excluding forced and 'bad' moves

Percentage points difference



Source: JRF analysis of Understanding Society.

Note: Adjusted estimates control for pay, age, age squared and wave fixed effects. Full details of the regression analysis are provided in the 'Method' section.

Overall, the 'push factor' — insecure workers facing a greater incentive to improve their position — appears to dominate, but not as much as you might think when just looking at the raw numbers. Taking all this together shows just how the focus on boosting dynamism entirely among the secure is misguided. This is where the pull factor, risk aversion, especially comes in.

Risk aversion is higher among the insecure and acts as a barrier to dynamism

Let's dig deeper into how the 'pull factor' is preventing labour market dynamism: in short, does the elevated short-term risk associated with moving job prevent some job moves, and does this affect insecure workers more?

Insecure workers are more risk averse than their secure counterparts. Evidence shows that 67% of economically secure households disagree that they are very willing to take financial risks, compared with 75% of insecure households (Nuffield Politics Research Centre, 2026). That means that three quarters of economically insecure households are 'risk averse' compared to two thirds of economically secure households. And willingness to take risks is associated with a greater likelihood of moving jobs: workers with a high willingness to take risks are more than twice as likely to change jobs over a 5-year period as risk-averse workers.³

Qualitative evidence from JRF research reinforces this dynamic, showing that economically insecure workers are often highly attuned to the potential downsides of job moves. Participants commonly described feeling unable to leave stable employment, even where there was a realistic prospect of higher pay or better progression, because they lacked the financial resilience needed to absorb a setback.

"It's basically having the financial means while you're looking for the job, to protect yourself. If you don't have it, and you leave the [new] job or you lose it... until you find another one, you still need to pay the rent, pay the bills, and cover all the expenses because the bill company ain't going to wait for you. They'll just come and take you to court and stuff. So, it's about covering [essential] needs."

Grounded Voices Participant, male, 36, England

The possibility of a temporary reduction in income, a poor job match, or an unsuccessful probation period was frequently viewed as carrying consequences that could not easily be recovered from. In this context, the absence of savings or other forms of financial buffer made employment security a priority, even where current jobs were recognised as limiting or unsatisfactory.

These findings suggest that labour market decisions are shaped not only by the expected returns from moving, but also by workers' capacity to withstand adverse outcomes if a move proves unsuccessful. For economically insecure households in particular, the perceived costs of failure can outweigh the potential benefits of upward mobility.

This suggests that measures that help tackle risk aversion among the economically insecure, can drive up the positive dynamism the economy badly needs. JRF policies such as rent controls and reforming Universal Credit so we can all afford the essentials in hard times, are key ideas that can help increase economic security in a way that would tackle risk aversion in the labour market, boosting dynamism and

thereby productivity.

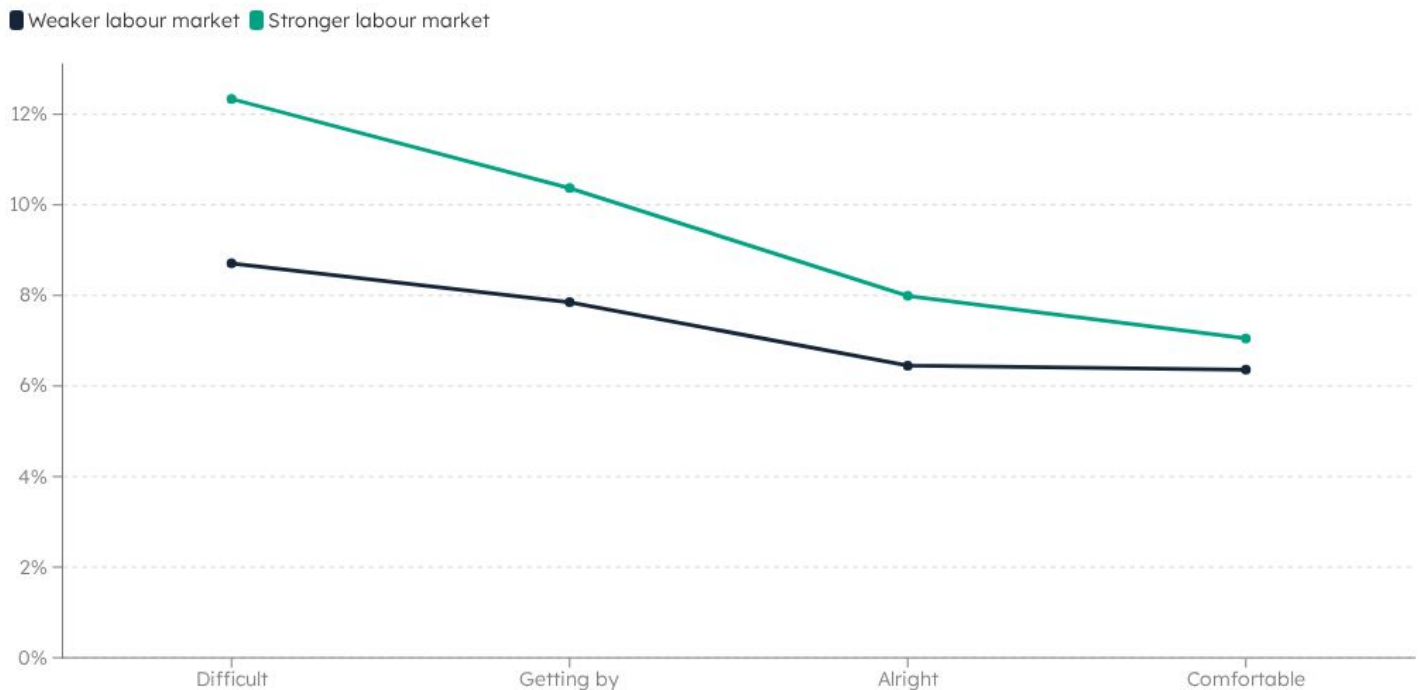
3. The state of the labour market matters most for dynamism among insecure workers

Wider labour market conditions are also important in determining the level of dynamism. At all levels of economic security, a stronger labour market (where vacancies are high relative to unemployment) sees higher rates of job-to-job moves than a weaker labour market (where vacancies are low relative to unemployment). This makes intuitive sense, higher vacancies relative to fewer unemployed people gives workers more employment opportunities, making moving jobs more likely.

This increase in dynamism from a stronger labour market is greater among economically insecure workers than secure workers. Among workers who describe their financial situation as difficult, the predicted probability of moving jobs (within a 1-year period) is 3.6 percentage points higher in a stronger labour market than a weaker one (12.3% vs. 8.7%). By contrast, job-move rates among comfortable workers are very similar across the 2 labour market periods.

Figure 5: Stronger labour market raises job mobility most among economically insecure workers

Predicted probability of moving jobs by economic security, in weaker and stronger labour market periods



Source: JRF analysis of Understanding Society.

Note: Predicted probabilities are based on regression analysis controlling for pay, age, age squared and wave fixed effects. Labour-market periods are defined using the vacancy-to-unemployment (v/u) ratio: weaker labour market is between 2011 and 2014, $v/u < 0.43$; stronger labour market is between 2015 and 2018, $v/u \geq 0.43$. The threshold is the sample-period average. Full details are provided in the 'Method' section.

These results also hold when looking at the probability of making a good job move, albeit with slightly less magnitude. Workers in the difficult security group are 1.8 percentage points more likely to make a good move in a stronger labour market compared with a weaker labour market, while for secure workers the probability of making a good job move is the same in either labour market state. This further

highlights the role of economic conditions in supporting the positive dynamism that is important for productivity growth for economically insecure workers.

Running the economy hot

This raises an important implication for macroeconomic policymaking; ‘running the economy hot’, meaning sustaining strong demand and a strong labour market, could support dynamism by widening the opportunities available to workers (Evans and Jung, 2026). This matters particularly for economically insecure workers, whose job mobility is more sensitive to labour market conditions.

In a stronger labour market, workers have more vacancies to choose from, making it easier to leave their present job and move into work that may offer better prospects. This is especially important for insecure workers, who we have shown are less willing to absorb the risk associated with changing jobs. By reducing the risk premium through higher job availability, economically insecure households are the ones most likely to benefit.

The benefits extend beyond the individual. Better job matching can help workers move into roles where their skills are used more effectively, while greater competition for labour can put pressure on employers to improve pay and working conditions (OECD, 2022).

The reverse may also be true in a demand-deficient economy. In a weaker labour market, insecure workers may be more likely to remain in low-paid jobs or roles that

offer a poor match for their skills. This could hold back productivity by limiting movement into jobs where workers' skills can be used more efficiently (McGowan and Andrews, 2017).

Qualitative evidence from JRF research indicates that economically insecure workers are highly sensitive to signals about labour market conditions when assessing whether to move jobs. Participants frequently referred to the intensity of competition for vacancies. These perceptions are increasingly salient in an online recruitment environment where job platforms often display the number of applicants for a vacancy, making labour market competition highly visible.

"You can see how many people have applied, and it kind of just puts you in that circle of, well, if I see over 200 people have applied to the same job, then it makes me think there's no point trying to apply because they probably have already chosen someone."

Grounded Voices Participant, female, 23, Wales

Such signals may amplify perceived risk among workers with limited financial buffers, discouraging job-to-job transitions even where the potential returns are substantial. As a result, labour market conditions may influence mobility through both actual opportunities and workers' perceptions of the likelihood of obtaining them.

It should be emphasised that running the economy hot is unlikely to be sufficient on its own in boosting dynamism. Strong demand needs to be paired with policies that

strengthen households' economic security to fully tap into boosting positive dynamism among the most insecure households.

4. Conclusion

Labour market dynamism matters for pay growth and productivity. The plummeting of the job-to-job move rate since the pandemic and the fact that the current rate is well below the pre-financial crisis average is therefore especially concerning for policymakers seeking to address the UK's stagnant economic growth.

Discussions around dynamism have traditionally focused on boosting this among middle- and high-income households. On the face of it, this makes sense — these 2 groups have lower job-to-job move rates than low-income households. However, this briefing has shown that the reality is more nuanced. When we look only at moves where pay increases by at least 5%, the type of moves that are important for productivity growth, difference in job-to-job move rates between the least economically secure and most secure groups is considerably smaller.

In fact, while insecure workers are more likely to move jobs overall, of those moving jobs, insecure workers are less likely to make a move that leads to positive wage effects (vs. secure workers) after controlling for person characteristics and time-fixed effects.

Risk aversion among the insecure is playing a key role here. JRF's qualitative research highlights why economically insecure workers may be reluctant to take employment risks. Participants often described wanting to move into better-paid or more secure work but feeling unable to risk any initial period of uncertainty. Concerns

included losing a reliable income, managing rent and household bills during a transition, navigating changes to benefits, and the possibility of not passing a probation period. These accounts suggest that what appears as risk aversion may often be a rational response to having little financial buffer if a move goes wrong.

Greater economic security is positively associated with willingness to take risks, and workers who are more willing to take risks are more likely to move jobs. So, policymakers should see policies that increase economic security, such as rent controls and an essentials guarantee, with the potential to boost positive labour market dynamism by reducing risk aversion in the labour market.

Lastly, we have demonstrated that insecure workers are more likely to move jobs in stronger labour markets, while mobility among more secure workers appears less sensitive to the state of the labour market. Running the economy hot, therefore, could help insecure workers take more risks in the labour market, a further channel in which to boost dynamism and thereby productivity.

Method

The analysis uses quantitative data from Understanding Society, the UK Household Longitudinal Study, which follows individuals over time through interviews conducted approximately once a year, organised into survey waves. The main sample includes employees aged 18 to 64. We focus on job moves, identified where respondents are employed in consecutive waves and report working for a different employer. This excludes respondents who were unemployed or economically inactive in the previous wave, although we cannot rule out spells of unemployment or inactivity between waves.

Where the analysis looks only at outcomes conditional on moving, the sample is restricted to workers who move jobs. The analysis also uses qualitative data from JRF's Grounded Voices, a rolling programme of research that brings lived and experiential insight into the work of JRF. This analysis draws on interviews, diaries and group discussions with people across the UK who are struggling to afford what they need. Data were analysed thematically to explore how experiences of financial insecurity shape work-related decisions, including job mobility, progression and the trade-offs people make when considering employment opportunities.

Economic security is based on respondents' assessment of how well they are managing financially. Responses of 'finding it very difficult' and 'finding it quite difficult' are combined into a single 'finding it difficult' group, alongside 'getting by', 'doing alright' and 'living comfortably'. Economic security and hourly pay are

measured before the outcome (the wave before) to reflect the circumstances of workers prior to the job move. Hourly pay is calculated from gross monthly pay and usual weekly working hours.

To reduce the influence of extreme values, we drop observations in the top and bottom 1% of the hourly pay distribution. Risk willingness (in Section 3) is based on respondents' self-reported willingness to take risks in Wave 1. This baseline measure is then used for the same individual in subsequent waves as the question is only asked in the first wave.

We define a 'good' move as a change of employer accompanied by an increase in hourly pay of at least 5%. Over the sample period, the minimum wage rose by 5-10% in 4 years, meaning some workers could meet this threshold through statutory uprating alone. As a robustness check, we repeated the analysis using a 10% threshold, and this does not significantly change the results.

In the regression analysis shown in Figure 4 and Figure 5, job moves (or good job moves) is the outcome variable, and the main explanatory variable is self-reported economic security (lagged to the previous wave). The regressions also control for hourly pay (lagged to the previous wave), age, age squared and wave fixed effects. Figure 5 additionally allows the relationship between economic security and job mobility to vary between stronger and weaker labour markets.

The analysis uses longitudinal survey weights, and standard errors are clustered at the individual level to account for repeated observations of the same person. All results presented are significant at the 5% level.

Notes

1. See Method.
2. Forced moves include redundancy, dismissal or sacking, end of a temporary job, and moves for health reasons.
3. JRF analysis of Understanding Society. Workers with high-risk willingness are defined as those with a risk-willingness score of 7-10, while risk-averse workers are defined as those with a score of 0-3.

References

Brewer, M. and Murphy, L. (2023) [From safety net to springboard: Designing an unemployment insurance scheme to protect living standards and boost economic dynamism](https://economy2030.resolutionfoundation.org/reports/from-safety-net-to-springboard/) (<https://economy2030.resolutionfoundation.org/reports/from-safety-net-to-springboard/>)

Cooke, G. (2023) [Economic security: A foundation for dignity, opportunity and hope in an age of uncertainty](https://www.jrf.org.uk/economic-security-a-foundation-for-dignity-opportunity-and-hope-in-an-age-of-uncertainty) (<https://www.jrf.org.uk/economic-security-a-foundation-for-dignity-opportunity-and-hope-in-an-age-of-uncertainty>)

Davies, R. Hamdan, N. and Thwaites, G. (2023) [Ready for change: How and why to make the UK economy more dynamic](https://economy2030.resolutionfoundation.org/reports/ready-for-change/) (<https://economy2030.resolutionfoundation.org/reports/ready-for-change/>)

Eeckhout, A. Sepahsalari, A. (2023) [The effect of wealth on worker productivity](https://www.janeeckhout.com/wp-content/uploads/30.pdf) (<https://www.janeeckhout.com/wp-content/uploads/30.pdf>)

Evans, J. Jung, C. (2026) [The full-speed economy: Does running a hotter economy benefit workers?](https://www.ippr.org/articles/the-full-speed-economy) (<https://www.ippr.org/articles/the-full-speed-economy>)

Faragher, J. (2026) [Economic insecurity fuelling rise in ‘job huggers’](https://www.personneltoday.com/hr/economic-insecurity-fuelling-rise-in-job-huggers/) (<https://www.personneltoday.com/hr/economic-insecurity-fuelling-rise-in-job-huggers/>)

McGowan, M.A. Andrews, D. (2017) Skills mismatch, productivity and policies: Evidence from the second wave of PIAAC
(https://www.oecd.org/content/dam/oecd/en/publications/reports/2017/07/skills-mismatch-productivity-and-policies_b2d3135d/65dab7c6-en.pdf)

Nuffield Politics Research Centre (2026) The economic insecurity trap. York: Joseph Rowntree Foundation (<https://www.jrf.org.uk/public-attitudes/the-economic-insecurity-trap>)

OECD (2022) OECD Employment Outlook 2022: Building Back More Inclusive Labour Markets (https://www.oecd.org/en/publications/oecd-employment-outlook-2022_1bb305a6-en/full-report.html)

How to cite this briefing

If you are using this document in your own writing, our preferred citation is:

Aref-Adib, C. Hamdan, N. Smith, R. (2026) Economic insecurity is impacting labour market dynamism. York: Joseph Rowntree Foundation.