

## Your Current Job Probably Won't Be Your Last

Previous generations of workers held lifelong jobs. Today's workers no longer expect to work for the same employer for their entire career. Even in the past 20 years, expected job tenure has declined in the United States, with a few differences between the trends for men and women. Some notable trends in job tenure, and their potential causes, may provide some insight into the employment landscape of the future.

Friedberg and Owyang (2002) use data from the Survey of Consumer Finances (SCF) to find job tenure trends.<sup>1</sup> According to the SCF, from 1983 to 1998, average expected remaining tenure—how long a worker expects to continue working for his current employer—for full-time male employees declined from 18.6 to 14.7 years. The trend for female workers is similar. Their expected remaining tenure starts at 15.9 in 1983 and eventually falls to 12.8 years in 1998.<sup>2</sup> The accompanying graph shows these numbers broken down by years of experience at workers' current jobs. Note that for nearly every subsample, expected remaining tenure has decreased.

An interesting trend arises with the percentage of employees aged 25 and older who have been with their current employer for at least ten years. The total percentage of men in this group decreased by nearly 5 points from 1983 to 2002, whereas the opposite holds for women—their percentage increased by almost 4 points. All age groups for men saw declines, but those affected most negatively were men aged 40-44, 45-49, and, especially, 60-64. In contrast, the percentage of women aged 35-54 with ten-year tenure or longer increased, but the remaining age groups suffered the same fate as the men's age groups.<sup>3</sup> What could have brought about these trends?

Changing labor market characteristics in the past couple of decades have had pronounced effects on tenure. For instance, countering the general decreasing tenure trend, women's rising labor force participation beginning in the 1980s undoubtedly contributed to the proportion of 35- to 54-year-olds with ten years of tenure. In the graph, these

same women demonstrate their growing attachment to the workforce through their increased expected remaining tenure.

Numerous factors have contributed to the decline in job tenure. The composition of payroll employment has shifted to more heavily favor service jobs at manufacturing's expense. Because the median tenure for a worker in manufacturing exceeds that of a worker with a service job by at least two years, this shift has played a role in average tenure's decline. Technological progress in the past few decades has also led to a number of changes in the workplace. Using data from 1983 to 2000 and measures of total factor productivity (TFP), Friedberg and Owyang (2002) find that higher TFP growth was correlated with a decline in job tenure. New technologies bring about job turnover by replacing unskilled jobs while making skilled jobs more complex.

With today's labor market, people believe that they will switch jobs more often than their counterparts years ago did, as demonstrated by falling average and expected remaining tenure. Continuing technological advances and the concomitant demand for new skills will maintain these trends.

—Kristie M. Engemann and Michael T. Owyang

<sup>1</sup> Friedberg, Leora and Owyang, Michael. "Explaining the Evolution of Pension Structure and Job Tenure." Working Paper 2002-022b, Federal Reserve Bank of St. Louis, October 2002.

<sup>2</sup> The men experienced a concurrent drop in average tenure from 9.7 to 8.8 years during this time period, while women's average job tenure declined from 7.4 to 7.3 years from 1983 to 1998.

<sup>3</sup> Bureau of Labor Statistics. "Employee Tenure in 2002." Release, September 19, 2002.

### Average Expected Remaining Tenure

