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Comment

Ann Huff Stevens

This study by Henry Farber uses a wealth of available data from a large number of Current Population Survey (CPS) supplements and the Displaced Workers Survey (DWS) to illustrate the evolution of age-adjusted job tenure in the United States over the past three decades. The data show a substantial decline in job tenure among employed males in the United States during this period and no change, or small increases, among employed women. The decline in tenure among men accelerates during the 1990s. Perhaps surprisingly given the decline in tenure among men and the widespread suspicion that job security in the United States has substantially weakened, Farber finds no evidence that rates of job loss in the DWS increased between 1984

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and 2006. Further, he shows that it is not the case that rates of job loss have increased disproportionately for high-tenure workers, so that cannot explain the shift in the tenure distribution.

Farber's simultaneous presentation of age-adjusted job tenure measures and rates of job loss helps to establish current, key facts in an area of empirical research that is often contentious. I have only minor concerns about the details of his CPS-based tenure tabulations and the broad patterns from the CPS appear to be supported in at least two other data sets. Two specific features of Farber's findings on job tenure merit highlighting here because they help both with understanding differences from previous tenure tabulations and with verifying these findings in other sources. First, the decline in job tenure among men jumps out from Farber's graphs, largely as the result of his careful, and appropriate, adjustments for age. As the labor force has aged over the past several decades, unadjusted job tenure has naturally risen. Only when researchers control for age in a fairly complete way does the decline in age-adjusted tenure become apparent. Second, Farber's study, along with his discussion of his earlier work, helps to highlight that much of this decline began, or at least accelerated, during the 1990s.

The timing of the decline in age-adjusted tenure among employed men is likely to be important as we attempt to understand what explains such changes. Being precise about the timing of the change also helps to verify this trend in other data sets. Farber's figure 6.1 shows a clear disconnect between the age-tenure profiles in the 1970s and 1980s, versus those for 1990 and later. This timing, with a focus on the early part of the 1990s, is also consistent with the time series of Farber's own earlier work. He notes that his 1998 study, using CPS job tenure data from 1973 through 1993 "found that the prevalence of long-term employment has not declined." In contrast, using CPS data going through 1996 Farber finds that "the prevalence of long-term employment relationships among men declined by 1996 to its lowest level since 1979." The current study extends this time series still further and shows a steep decline in male tenure (see, for example, his figure 6.5) from approximately 1994 to 2000.

Detailed knowledge of the timing of this change facilitates use of a greater range of alternative data sets to verify changes in tenure among men. For example, tenure questions in the Panel Study of Income Dynamics are quite consistent from 1987 through 1996 and can be tabulated for comparison with Farber's results. Such tabulations confirm a decline in job tenure of employed men over this period, with larger reductions (in terms of years) among older employed men. Similarly, the Health and Retirement Study (HRS) can be used to tabulate changes in the tenure distribution among older males starting in 1992. Using a sample of all males in waves 1 through 7 of the HRS between the ages of forty-five and sixty-four, I have estimated regressions that mimic Farber's specification summarized by equation (3). This exercise with the HRS suggests a decline in tenure of approximately

9 percent between 1992 and 2004, slightly smaller than, but generally consistent with, the decline found by Farber.

While Farber's findings on male job tenure seem robust to analysis with other data sets, there are some potential concerns with the use of these CPS supplements over time. First, it is unfortunate that the early 1990s are both the time in which the decline in tenure becomes apparent and the time in which the CPS underwent a major redesign. Given this, it would be helpful to have at least a brief discussion of the CPS redesign and its potential impact on these tenure tabulations. Because the redesign likely resulted in capturing more workers with marginal attachment to the labor force (in the main CPS surveys), it is conceivable that this could increase the number of low-tenure workers appearing in the tenure-related supplements. My reading of studies of the redesign, however, suggests that it would have had a limited effect on the male tenure distributions, and most of that effect would be limited to workers over age sixty-five, who are not included in Farber's tabulations.[1] There have also been minor changes in question wording on some of the tenure supplements over time, as Farber notes in his appendix. The magnitude of the observed changes in tenure and the similarity of results based on other data sets suggest that such question changes are probably not the driving factor here.

The next section of Farber's chapter establishes, with equal care, the absence of any increase in job loss rates as measured by the DWS, which begs the question of what is driving the decline in male tenure? Here, Farber focuses surprisingly on the possibility that the DWS is missing job separations that should be identified as displacements. The other obvious possibility is that truly voluntary job separations have increased. This second possibility is not one that should be ignored. Admittedly, the idea that voluntary job changes are behind these dramatic reductions in job tenure does not square well with media coverage of job stability, which tends to emphasize the more disastrous view that such declines signal the end of lifetime employment. Unfortunately, this is a frustrating issue for empirical work to confront because no long-term, consistent data series exist on voluntary job turnover. Farber's resulting call for "a more comprehensive survey of job changes and the underlying circumstances" is entirely appropriate here.

In the absence of such survey data, we should consider whether there is any current evidence, either direct or circumstantial, that voluntary turnover might be increasing. Recent work by Jay Stewart (2007) uses matched March CPS data to consider the time series of employment transitions. Stewart does find some evidence that employment to employment transitions without an intervening spell of unemployment trended upward from 1975 to 2001. Stewart interprets this as evidence of an increase in voluntary job changing.

1. See, for example, Polivka (1996) or Polivka and Miller (1998) for a discussion of the impact of the CPS redesign on employment-related measures.

Thinking more broadly, there are several factors that are at least consistent with an increase in voluntary job change in recent years, particularly among more senior workers. First, there has been a substantial change in the nature of pension coverage among older workers since the early 1990s. Fewer workers now have employer-sponsored defined benefit (DB) pension plans, and more have the more portable defined contribution (DC) plans. The key difference for questions of job mobility is that DB pensions typically have incentives that encourage workers to remain with the firm up to some age (or years of service) but then encourage them to leave. If earlier cohorts of workers in their forties and fifties were more likely to be bound to their current firms through DB pensions than are more recent cohorts, it would not be surprising if rates of voluntary job change have increased. My own tabulations from several waves of the HRS show the magnitude of the reduction in DB pension coverage among recent cohorts. Among employed men ages forty-eight to fifty-two, 41 percent reported having a DB pension on their current job in 1992, but only 24 percent reported such a pension by 2004. Such tabulations are only suggestive, of course, because the decline of DB pensions could be either a cause or an effect of the waning importance of implicit contracts between employers and employees. The bottom line is that, in a world in which workers in their forties and fifties are more likely to have pensions that are portable across employers (or even no pensions), we should not rule out the possibility of increased voluntary turnover.

Another change that could play a role in men's diminished tenure post-1990 is the changing level of women's labor force attachment over time. As Farber notes throughout his study, an increase in women's labor force attachment has coincided with the decline in male tenure. It is at least worth considering whether these two patterns are related. As women have become more attached to the labor force, more men have spouses with substantial earnings and benefits. If voluntary job changes are sometimes limited by the need for stability in benefits (as suggested by the literature on job-lock), women's increasing attachment to the labor force could allow men to engage in more voluntary employment transitions. It is not obvious that the timing of women's increasing labor force attachment fits the timing of the changes in men's tenure, but it could be relevant if the transition to thinking of employer benefits in a family context occurred with a lag behind the actual rise in women's labor force participation.

Farber's study will be a useful reference for those in and out of academia who are concerned with issues of both job tenure and job security. While I am not convinced from this work that the DWS is increasingly missing truly involuntary job changes, these different patterns in job tenure and job loss rates do point to the need for better measurement of job turnover in the United States. This work should help to focus attention on the necessity of developing accurate, ongoing measures of employment transitions of all kinds.

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