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Is the Company Man an Anachronism? Trends in Long Term Employment in the U.S. between 1973 and 2005

Henry S. Farber

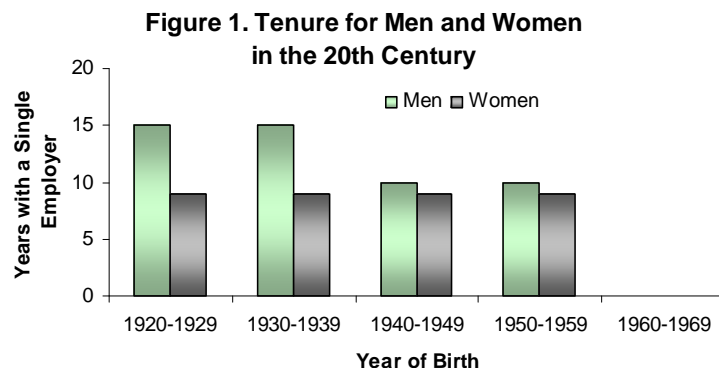
It wasn't too long ago that many men—and it was largely men—could expect to stay with a single employer for a substantial fraction of their career. But today, the “company man” is much less common. As Henry Farber describes in his chapter of *The Price of Independence*,¹ the labor market has shifted dramatically for today's young worker, and those affected include young adults of all levels of education. As Network researchers have discovered, many young adults today, especially those with a college degree, are hesitating to put down roots until they have their proverbial house in order, including a good “career” with job stability. Yet, in this changing workforce, should they ever expect that stability?

Farber examines changes in the incidence of long-term employment in the United States using data from various sources, including Current Population Surveys, between 1973 and 2005. He points out that churn (a series of job situations lasting less than a year) is expected for young workers in an industrialized economy as new entrants to the labor market move around to find a good job fit. But, in recent decades, the period of churn extends into workers' thirties, delaying achievement of “adult” employment situations.

Farber finds that, although long-term employment among men is still common in the United States, its prevalence is declining. In 1973, 54% of employed men aged 40-64 reported having been with their current employer for at least 10 years. The comparable figure for 2005 is only 44%. There is no comparable decline for women, as women's attachment to the labor force has increased over this period. He finds that a shift from manufacturing to service jobs and increased immigration have both contributed to the trend.

Workforce Changes: Quantity but Not Quality

Civilian employment in the United States has grown from 85 million in 1973 to 142 million in 2005.² Despite this substantial employment growth, there is concern that the longevity of employment has decreased. In the past, manufacturing companies provided stability for their employees as powerful labor unions protected worker rights. Manufacturing employment has declined and service-sector jobs have increased, leading some to speculate that the contemporary model is based on shorter employment spells and multiple employers.



¹ Sheldon Danziger and Cecilia Rouse, editors, *The Price of Independence: The Economics of Early Adulthood* (New York: Russell Sage Foundation, under review). Danziger and Rouse are members of the MacArthur Research Network on Transitions to Adulthood. For additional Network books on the transition to adulthood, see www.transad.pop.upenn.edu.

² U.S. Bureau of Labor Statistics Series ID LNU02000000 for workers over age 16.

Network on Transitions to Adulthood

Farber documents that men born in the 1960s had about 20% less time on average on their jobs at comparable ages than did men born in the 1920s (see Figure 1). It is too early to determine how the trend will play out for those born in the 1970s, but they already lag behind the earlier generations in the average length of time in their jobs for a given employer.

Women, in contrast, have not experienced a reduction in job tenure. Women born in the 1960s have, in fact, been with their employers about 15% longer at comparable ages than women born in the 1920s. This reflects the fact that more recent generations of women are more likely to work and less likely to leave the labor force.

Churn

The flip side of shorter tenures with a single company is an increasing number of people moving between jobs. Overall, workers still move around less as they mature. The percentage of workers who report that they have been in their current job for less than a year is 35%, 18%, 12%, 9%, and 8%, respectively, for workers age 20–29, 30–39, 40–49, 50–59, and 60–64. Job churn for 20–29 year-olds has remained relatively stable for workers since the 1970s.

However, over time, men have become less likely to settle into a longer-term job in middle age. Men born later in the study period were 3 percentage points more likely than earlier groups to be in a new job in their 30s, and 2 percentage points more likely when they reached their 40s. Data for men born in the 1960s is not yet available, but the trend can be expected to continue. As with tenure, women's experience has been different, with slightly lower percentages of women in new jobs over time.

Immigration Contributes to More Flux

Farber investigates the extent to which the increased immigrant population accounts for part of the decrease in tenure. Obviously, whatever the age of the immigrant when entering the country, he or she has no work tenure in the United States, and an increase in the number of immigrants would, by itself, cause a decline in long-term employment averages. From his analysis, Farber estimates that between 10% and 16% of the overall decline in average job tenure is due to increased immigration.

Conclusion

Young workers today cannot expect as lengthy a relationship with a single employer as did prior generations. The delay in finding a long-term position, and the possibility that it might never occur at all, is yet another likely contributor to the delay in the transition to adulthood that has been observed by Network researchers.³ When a young person lacks a stable job, the prospect of marriage, children, and owning a home becomes considerably more risky. From Network interviews with youth around the country, a consistent theme has been that twenty-somethings are delaying marriage and family until they sow some oats and, most important, finish their education and feel stable in their career.⁴ But if those careers are less stable, and harder to settle into, what effect will it have on the transition to adulthood? Will young adults delay marriage even longer? Or will they adapt to the flux in their lives—and in fact, will adaptability become a twenty-first century trait?

Based on Henry S. Farber, "Is the Company Man an Anachronism?" in The Price of Independence: The Economics of Early Adulthood, edited by Sheldon Danziger and Cecilia Rouse (New York: Russell Sage Foundation, 2008).

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³ Rick Settersten et al., *On the Frontier of Adulthood* (Chicago: University of Chicago Press, 2005). For more on the MacArthur Network on Transitions to Adulthood, see www.transad.pop.upenn.edu.

⁴ Mary Waters et al., eds., *Coming of Age in America*. (book manuscript, under review). Philadelphia: MacArthur Network on Transitions to Adulthood.

The Research Network on Transitions to Adulthood and Public Policy examines the changing nature of early adulthood, and the policies, programs, and institutions that support young people as they move into adulthood. Significant cultural, economic, and demographic changes have occurred in the span of a few generations, and these changes are challenging youth's psychological and social development. Some are adapting well, but many others are floundering as they prepare to leave home, finish school, find jobs, and start families. The network is both documenting these cultural and social shifts, and exploring how families, government, and social institutions are shaping the course of young adults' development. The Network is funded by the MacArthur Foundation and chaired by University of Pennsylvania sociologist Frank Furstenberg.