

# Staying put: Job tenure among paid workers

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**F**rom 1977 to 1991, the average job tenure of paid workers increased by 10%, from 6.9 to 7.6 years. The principal factors responsible for this increase include the greater and, in particular, continuing presence of women in the labour market, the decrease in the number of young people in the population and the reduction in the number of workers with short tenure during the recessions of the early 1980s and 1990s.

Job tenure is a labour market indicator complementary to the level of employment and the unemployment rate. It can reflect worker mobility and the dynamism of the labour market, but also its instability. For example, average tenure in a growing industry (or even in the economy) falls so long as the level of hiring remains high. Conversely, average tenure rises when an industry, for whatever reasons, reduces or ceases its hiring activity or lays off the last to be hired. Under these conditions, experienced workers no doubt are less inclined to seek work elsewhere. Hence, the interpretation of changes in average tenure can be quite complex.

This article analyses changes in the average job tenure of paid workers during the 1977 to 1991 period. It also examines overall trends in various job tenure categories, by sex and industry.

## Changes in average tenure - overall trends

The average tenure of paid workers increased from 6.9 years (83 months) to 7.6 years (91 months) between 1977 and 1991 (up 10%). While the trend was for average tenure to rise during the period as a whole, it nevertheless varied with economic cycles ([Chart A](#)).

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## Chart A The average job tenure of paid workers is rising.

Source: *Labour Force Survey*

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From 1977 to 1981, average tenure remained stable, oscillating around 6.9 years. In 1982, a full year of recession, it rose to 7.3 years, as layoffs and reduced hirings resulted in an increase in average tenure. [\(1\)](#) (In addition, in a recession, employment opportunities are reduced, which discourages workers from changing jobs. This reduction in worker mobility probably also contributed to the increase in average tenure. [\(2\)](#)) From 1983 to 1989, a period of expansion, average tenure was fairly stable, with a slight increase occurring between 1983 and 1984, followed by a slight decrease, probably due to increased hirings. The phenomenon of growth was repeated during the 1990-91 recession, with a less marked increase in the first year and a larger one in the second.

Apart from economic cycles, other factors, such as demographic changes that have affected the labour market for some 20 years, have also had an impact on tenure. Among these are the changes in the composition of the labour force due to the increased and continuing presence of women in the labour market (growth of 55% between 1977 and 1991) and to the 18% drop in the number of young people between the ages of 15 and 24 since 1980 (resulting in an aging labour force [\(6\)](#)). These two factors have certainly contributed to the increase in average tenure. It is even possible that they have kept average tenure at levels slightly higher than they were before the recession of the early 1980s.

### Average tenure by sex

From 1977 to 1991, average tenure rose for both sexes. This increase, however, was more marked among women ([Chart A](#)), whose average tenure increased by 26% (5.1 to 6.5 years), than among men (up 7%, from 8.1 to 8.6 years).

The increase in average tenure between 1977 and 1991 does not necessarily indicate greater employment stability. For example, pursuing a lifetime career with one firm no longer seems to be the norm for men, who may change jobs several times during their working lives. Among women, however, the increase in average tenure reflects their rising attachment to the labour market. Women have entered the workforce in large numbers in the last two decades. On average, they are having fewer children, and those who have them return to work after a relatively short maternity leave, so their average tenure is increasing. While it is still higher among men than women, the gap between the sexes has decreased. It appears that, for men and women, job tenure is converging over time, as are other aspects of employment ([Chawla](#), 1992).

### Profile of average tenure by industry...

For the entire period under review, the average tenure of workers in the goods sector was greater than that of workers in the service sector ([Table 1](#)). Within the goods sector, however, manufacturing and

mining showed higher average tenure, while the seasonal industries of agriculture, forestry, fishing and trapping, (7) and construction showed lower average tenure. The average tenure in the goods sector overall was higher because many workers in manufacturing industries have long tenure.



## Table 1 Average job tenure by industry, 1977 and 1991.

Source: *Labour Force Survey*

The average tenure observed in the service sector ranges from about 4 years in personal services to 10 years in transportation, communication and other utilities, and public administration. Within personal services, employees in accommodation and food services had the lowest average tenure in 1991, at 3.5 years. (8)

Average tenure is thus lower in industries characterized by a high turnover rate and the use of unskilled or seasonal labour, especially in some components of the tertiary sector.

### ... and by full-time or part-time employment

Part-time work expanded quickly from 1977 to 1991. The percentage of paid workers who filled part-time positions rose from 8.6% to 12.6%. (9) Average tenure varies considerably between full- and part-time jobs (Table 1). In 1991, only part-time workers in the seasonal industries of agriculture and construction had average tenure greater than that of full-time workers. In public administration, and transportation, communication and other utilities, the average tenure of part-time workers was about half that of full-time workers. In general, these observations hold for the entire period.

## Job tenure categories - general trends

Job tenure was broken down into three categories: short-term (1 to 12 months of employment), intermediate (1 to 5 years) and long-term (over 5 years). During the period under review, workers with short-term tenure accounted for 24% of paid workers, on average, those with intermediate tenure, 31%, and those with long-term tenure, 45%.

Average tenure increased between 1977 and 1991. However, despite large fluctuations in the percentage of paid workers with intermediate tenure, there was a slight proportional decrease overall of workers in this category (Chart B). The proportion of workers with long tenure, on the other hand, increased slightly.



## Chart B **Fewer than half of paid workers have more than five years of tenure.**

Source: *Labour Force Survey*

As shown earlier, the category most affected by a recession is that of workers with short tenure ([Table 2](#)). The link between recession and jobs with short tenure seems quite clear. In general, the youngest workers and those who have accumulated the least experience are the first to be laid off in difficult times. In addition, the level of hiring falls. Those with long tenure also seem to be affected by economic conditions, since there is a reduction or slower rate of growth in jobs with long tenure in recessionary times. [\(10\)](#) Overall, however, there was a slight increase in the number of such workers.



## Table 2 **Paid workers by job tenure category, 1977-1991.**

Source: *Labour Force Survey*

## Job tenure categories by sex

From 1977 to 1991, the number of women increased in every job tenure category, unlike men, whose number rose only in the long tenure category ([Table 3](#)).



## Table 3 **Distribution of paid workers by job tenure and sex, 1977 and 1991.**

Source: *Labour Force Survey*

In 1977, men accounted for 62% of paid workers. They were concentrated in the long tenure category (47%), while women were found mainly in the intermediate category (40%). By 1991, men represented only 53% of paid workers and the distribution of women by tenure was similar to that of men, with the highest proportion having long tenure.

## Distribution by industry

In 1991, high proportions of jobs with low tenure were found in seasonal industries, such as forestry, fishing and trapping (54% of workers in these industries) and construction (41%)<sup>(11)</sup>, and industries characterized by lower-paid jobs with high turnover, such as accommodation and food services (40%) in the personal services sector and amusement and recreation (39%) in the community services sector.

Jobs with intermediate tenure are most often found in growing service sectors such as business services (44%). This industry experienced particularly high growth in the 1980s ([Lévesque](#), 1986). Personal and household services (39%) and miscellaneous services (40%) in the personal services sector also have a large proportion of jobs with intermediate tenure.

Finally, jobs with long tenure are concentrated mainly in well-established industries where job security and working conditions are generally better and where the rate of unionization is high, such as public administration (60%), education (59%), transportation, communication and other utilities (59%), mining (56%) and manufacturing (55%). The high concentration of jobs with long tenure observed in certain manufacturing industries may also be attributable to the many layoffs and low rate of hiring in recent years, which have mainly affected workers with short tenure.

## Impact of the recent recession

Is the distribution of tenure categories by industry in 1991 representative of other years? Has the recession resulted in changes in certain sectors? To measure its impact, the distribution of tenure by industry in 1991 was compared with the average distribution for three expansionary years: 1987, 1988 and 1989. This comparison confirms the impact of the recession on the distribution of tenure by showing a decrease in the percentage of workers with short tenure in all industries with the exception of forestry, fishing and trapping, where it remained more or less stable. <sup>(12)</sup>

## Summary

On average, people work longer for the same employer today than 15 years ago. This increase in average tenure is difficult to interpret, however. There appears to be a link between economic cycles and job tenure. In recessionary periods, average tenure increases because of the decreased number of workers with short tenure.

In addition, the increase in average tenure may be attributed to various other factors, such as the decrease in the number of young people aged 15 to 24 (resulting in an aging workforce), and the rising attachment of women to the labour market. Women are more consistently participating in the labour market in 1991 than in 1977, showing gains in all tenure categories, especially that of long tenure.

## Definitions and limitations of the data

The Labour Force Survey (LFS) measures job tenure by asking workers the starting date with their present employer. [\(3\)](#) However, this statistic does not measure the actual duration of jobs because it deals with incomplete periods. It actually measures the time elapsed between the starting date and the date of the survey. The length of tenure is not affected if an employee changes position while remaining with the same employer. For example, being promoted or transferred to another division in a large firm does not cancel the years of tenure accumulated in the previous position.

In the case of seasonal workers, who frequently return to work for the same employer, the starting date corresponds to the most recent date of return to work and not to the original hiring date. The seasonal nature of certain industries may prevent workers from accumulating even one year of tenure. This means that the measurement of tenure as defined by the LFS does not reflect the total duration of employment accumulated by seasonal workers with the same employer.

Average tenure corresponds to the average number of years a person has been working for the same employer. It is calculated by dividing the sum of the accumulated tenure of all paid workers by the total number of paid workers.

In this article three tenure categories are defined as follows:

<b>Job tenure category</b>	<b>Length of employment with the same employer</b>
Short-term	1 to 12 months
Intermediate	1 to 5 years (13 to 60 months)
Long-term	over 5 years (61 months or more)

To make the population studied more homogeneous, the analysis was restricted to paid workers. [\(4\)](#) However, students were dropped from the paid worker population because of their inherent instability of employment. [\(5\)](#)

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# Notes

## *Note 1*

This increase seems to confirm that layoffs initially affect workers with low seniority. If they mainly affected workers with higher-than-average job tenure, average tenure would decrease.

## *Note 2*

See the article by [G. Lemaître et al.](#) (1992) concerning the reduction in hirings and voluntary termination of employment during a recession, and the article by [D. Galarneau](#) (1992) on hirings.

## *Note 3*

If a worker has more than one job, the duration of employment used in this article is that of the main job only.

## *Note 4*

Self-employed workers, who have a much higher average tenure than paid workers, were excluded from this study. The difference in average tenure between self-employed and paid workers has decreased substantially, from 4.2 years in 1977 to 2.8 years in 1991. This is attributable to a decrease in the average tenure of self-employed workers caused by their massive influx into the labour market during the 1980s ([Cohen](#), 1992), combined with an increase in the average tenure of paid workers.

## *Note 5*

Full- and part-time students were excluded, as were students on summer vacation who intended to return to school in the fall.

## *Note 6*

The average age of Canadians between 15 and 69, used as a base for the Labour Force Survey, increased from 36.7 years in 1977 to 38.5 years in 1991.

## *Note 7*

Paid workers in the agriculture, forestry, fishing and trapping industries in 1991 accounted for 33% of total employment in these sectors. Of those who had held their job for less than a year, 83% had a tenure of one to six months.

## *Note 8*

Between 1977 and 1991, the average age of paid workers increased in all industries except for trade, where it remained stable, and personal services, where it decreased. The industries that showed the greatest increases in average age were education (part of community services) where the average age rose from 37.8 to 41.6 years, and finance, insurance and real estate, where it increased from 34.5 to 37.7 years.

### **Note 9**

Part-time workers are those who work less than 30 hours a week at their main job.

### **Note 10**

A decrease in the number of workers with over 20 years of tenure observed in 1982 and 1983 seems to confirm the effect of measures taken by certain firms to encourage workers to take early retirement. See the study by [L. Taylor](#) (1983), which discusses retirement incentive measures introduced in 1982 and 1983 by eight Canadian firms as part of a staff reduction program. The study estimates that about a third of the employees who met the eligibility criteria for early retirement took advantage of these measures (over 2,200 workers).

### **Note 11**

The large percentage of jobs in construction with short tenure is not necessarily associated with a greater instability of employment, since it is the role of construction unions to ensure their members have work.

### **Note 12**

A table showing the distribution of job tenure categories by detailed industry breakdowns for 1987 to 1989 and 1991 is available on request.

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## Source

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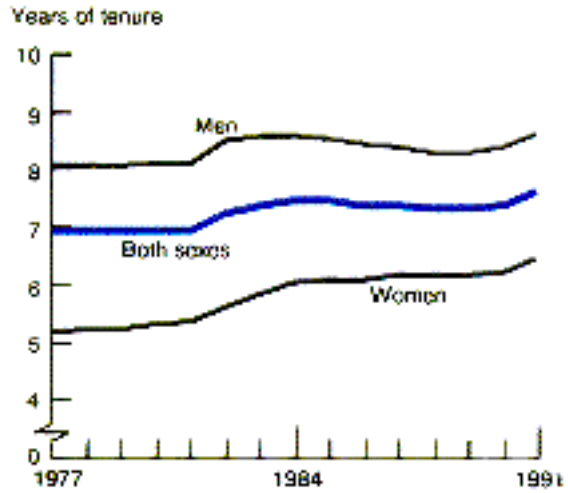
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Chart A

The average job tenure of paid workers is rising.



Source: Labour Force Survey

Table 1

**Average job tenure by industry, 1977 and 1991**

	Paid workers*		Full-time	Part-time
	1977	1991	1991	
	Number of years			
<b>All industries</b>	<b>6.9</b>	<b>7.6</b>	<b>8.0</b>	<b>5.0</b>
<b>Goods sector</b>	<b>7.7</b>	<b>8.3</b>	<b>8.4</b>	<b>6.1</b>
Agriculture	7.3	7.6	7.3	8.8
Forestry, fishing and trapping	5.3	4.8	4.9	--
Mining	8.3	9.2	9.2	--
Manufacturing	8.7	9.3	9.5	5.5
Construction	4.4	4.8	4.7	5.4
<b>Services sector</b>	<b>6.5</b>	<b>7.3</b>	<b>7.8</b>	<b>4.9</b>
Transportation, communication and other utilities	9.9	10.3	10.7	5.9
Trade	5.7	5.9	6.1	4.5
Finance, insurance and real estate	5.7	7.2	7.4	6.0
Community services**	6.4	8.7	9.5	5.7
Business services	4.2	4.7	4.7	4.3
Personal services†	3.8	3.8	4.0	3.1
Public administration	8.3	9.9	10.1	5.3

*Source: Labour Force Survey*

\* *Excluding students.*

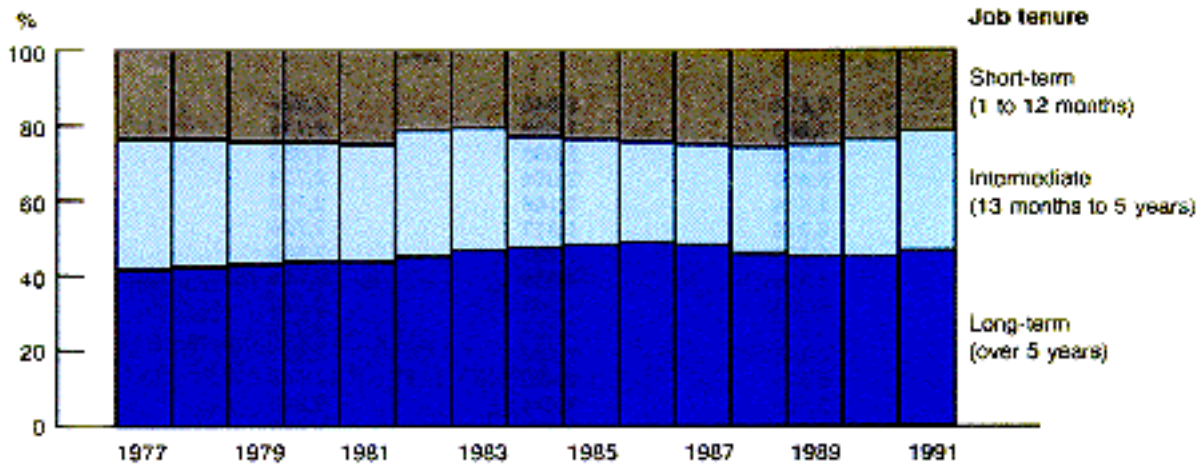
\*\* *Includes health and welfare services, education, and religious organizations.*

† *Includes personal and household services, accommodation and food services, amusement and recreation services, and miscellaneous services.*

### Chart B

Fewer than half of paid workers have more than five years of tenure.

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Source: Labour Force Survey

Table 2

**Paid workers by job tenure category, 1977-1991**

Year	Total	Tenure		
		Short-term	Intermediate	Long-term
'000				
1977	7,671	1,845	2,634	3,192
1978	7,940	1,898	2,716	3,325
1979	8,249	2,038	2,683	3,528
1980	8,470	2,074	2,718	3,677
1981	8,654	2,168	2,708	3,778
1982	8,316	1,817	2,729	3,770
1983	8,308	1,753	2,665	3,889
1984	8,500	1,939	2,515	4,046
1985	8,683	2,064	2,435	4,184
1986	8,905	2,191	2,379	4,335
1987	9,143	2,280	2,490	4,373
1988	9,370	2,420	2,649	4,301
1989	9,590	2,424	2,846	4,320
1990	9,592	2,292	2,998	4,301
1991	9,335	2,012	3,001	4,322

*Source: Labour Force Survey*

Table 3

**Distribution of paid workers by job tenure and sex, 1977 and 1991**

	1977		1991	
	Men	Women	Men	Women
	'000			
<b>Total</b>	<b>4,720</b>	<b>2,951</b>	<b>4,924</b>	<b>4,411</b>
	%			
<b>Job tenure</b>				
Short-term	22	27	21	22
Intermediate	31	40	29	36
Long-term	47	33	50	42

*Source: Labour Force Survey*