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Job Stability in Canada and the United States: What We Know and the Data Gaps

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by

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Abstract: This paper examines whether there has been increasing job instability, which can be manifested either in an increase in the risk of permanent layoffs or as a decrease in job tenure. For Canada, one study found that the share of permanent layoffs in all layoffs rose only marginally during the 1990s recession, and a second noted that the probability of a worker being permanently laid off had not increased in the early 1990s. Other studies found no change in average job tenure but new jobs have become increasingly polarized into short-term and long-term ones. While permanent layoffs continued to be lower in the services sector than the goods sector, recent evidence shows that the relative layoff rate is rising marginally in parts of the services sector. For the U.S., the results are similar. Job tenure has been fairly stable over the past two decades. It had been hypothesized that the frequency of displacement increased between the '80s and the '90s but the data do not show this. The underlying data are described and two data gaps are noted.

INTRODUCTION

Reports of extensive layoffs in large organizations, both public and private, are a regular occurrence in the media. Canadians and Americans alike are increasingly concerned about rising job instability in the 1990s. And not all of this concern is related to a possible deterioration in economic conditions, something normally associated with a high degree of job loss. In the United States in particular, there has been substantial employment growth in the 1990s. There is a general perception that firms, even profitable ones, are abolishing jobs in an attempt to reduce labour costs and increase competitiveness. There are a number of potential reasons for this belief. With high levels of technological change, increasing trade liberalization and intensifying global competition, significant structural change and "down-sizing" may be taking place. Firms and industries may be forced, and at the same time able, to reorganize in an attempt to improve their competitiveness.

Increasing job instability can take numerous forms. The risk of permanent layoffs may have increased. Job tenure may have decreased so that workers have to change jobs and careers more frequently during their working life than was previously the case; of course, some job changes are initiated by workers These issues are the focus of this paper. It may also be that increasingly people find themselves in "non-standard" work such as being on contract, in temporary jobs, or self-employed. The workforce may be increasingly polarized into "core and contingent" segments. These issues are discussed in a companion paper (Manser and Picot, 1997). In the end, the concern is that earnings instability may have increased.

The research on job stability has been concentrated in two areas, studies of changes in job tenure, and analyses of changes in the incidence of permanent layoffs. This paper focuses on what is known in Canada and the United States in these two areas. Following a literature review and summary of major findings, there is a discussion of the comparability of the data in the two countries for such studies. This paper is a companion to another entitled " Job Creation in Canada and the United States: What do We Know and Where are the Data Gaps" by the same authors.

I. JOB STABILITY IN PAID JOBS IN NORTH AMERICA: IS IT DECLINING?

The concern over job instability is not new. The recession of the early 1990s brought with it speculation regarding increased levels of job loss, particularly among white-collar workers. There was a sense that restructuring had increased permanent job loss relative to what had been observed in earlier recessions. During the recovery, there has been a sense that many firms have not increased their hiring of permanent workers because they are reluctant to add significantly to their workforce, and further that layoffs remain the norm of the day.

In an attempt to better understand this situation, Picot, Lemaitre and Kuhn (1994) compare permanent and temporary layoff patterns during the two recent recessions, and conclude that the share of layoffs that were permanent rose only marginally in the 1990-92 recession as compared to the early 1980s recession. The results are not consistent with the view that there has been a dramatic economy-wide shift towards more permanent job loss, which is associated by some with restructuring.

Other researchers have looked at job loss from another perspective, that of job tenure. Green and Riddell (1996), using Labour Force Survey data, find little change in average job tenure, but a "hollowing out of the middle of the job tenure distribution" in Canada, with more very short jobs but a greater longevity for very stable ones. They suggest that for young and less educated workers there has been a rise in job instability over the past decade. They note that this would fit with the observation from the earnings inequality literature that education and experience earnings differentials have increased (e.g., Morissette, Myles and Picot (1994); Beach and Slotsve (1996)). They also observe increased job tenure for older females, which they attribute to the increased commitment of these women to the labour market.

The Green and Riddell study includes "interrupted" job tenure spells i.e. job tenure spells that are not yet complete because the worker is still with the firm. They also use all jobs observed in a given year. Heisz (1996a, 1996b) takes a somewhat different approach. He computes the "expected" completed job tenure by using the probabilities that a worker in a job that has lasted for at least one period of time (say one year) will still be in that job during the next period of time (say one to two years). Using such transition probabilities, an expected "completed" duration as well as the distribution of spell durations can be computed. He also focuses on "new" jobs that start during the year rather than all jobs observed in the year. This solves a problem of bias towards longer term jobs that exists if all jobs are selected. This issue is discussed later in the paper.

Using Labour Force Survey data, Heisz finds that expected average job tenure of new jobs has not changed significantly in the 1990s, and has if anything increased since 1993. He further observes, however, that new jobs have become increasingly polarized into short-term and long-term ones in the past fifteen years in Canada. Specifically, over the 1981 to 1994 period there was a substantial decline in the probability that a new job would last beyond six months. At the same time, jobs that lasted beyond 6 months were more likely to last beyond 5 years by the end of the period. He concludes that workers with more than one year of seniority are in fact enjoying increased job tenure, but that it is becoming somewhat more difficult to join these ranks.

But the age and educational composition of the work force has changed significantly over the 1980s and 1990s. Generally the workforce is becoming older and more highly educated. This can influence average job tenure, even among job starters (which is the unit of analysis in this work). In more recent work Heisz (1997), again using Labour

Force Survey data, controls for age and educational compositional changes. After doing so, he finds a marginal decline in job stability in the 1990s. For example, the probability that a job with less than 5 years tenure will last an additional five years has decreased slightly. Some of the stability observed in the earlier work was due to the offsetting effects of having more older and more highly educated workers in the 1990s, among whom job tenure tends to be longer. This decline in job stability was particularly evident among older workers (over 50) and the less educated (high school graduation or less). The less educated in particular are experiencing deteriorating labour market conditions, as their earnings, at least among males, have been declining.

Another perspective on job stability in Canada is provided by data on layoffs. Statistics Canada[1] has used administrative data from the unemployment insurance system together with Revenue Canada taxation data to construct a "Longitudinal Worker File" from which worker separations and hires can be computed. The separations include quits, temporary layoffs, permanent layoffs and separations for "other" reasons (return to school, illness, retirement, etc.). The file covers the 1978 to 1994 period. Picot and Lin (1997) use these data to ask if the probability of a worker being permanently laid off has risen in the 1990s. After controlling for compositional changes in the workforce, they conclude that it has not, up to 1993 at least. Data on permanent layoffs are not yet available beyond 1993. In spite of the concern regarding permanent job loss in the 1990s, little evidence of an overall rise in the probability of involuntary job loss is observed (when comparing comparable years in the business cycle). However, increased layoff levels are observed for some specific groups, notably older workers, the more highly paid and public servants. Furthermore, the hiring rate (into paid employment) is much lower in the 1990s. This was also observed in Heisz (1997). The probability of losing a paid job may not have increased overall, but the probability of finding another has declined in Canada in the 1990s, relative to comparable periods in the 1980s.

Focusing on the services sector, there is some evidence that layoff rates have risen relative to those in the goods sector. Permanent layoffs have tended to be relatively low in the services sector, and this continues. In 1993, rates in all parts of the goods sector were at or above the economy wide average, while in all parts of the services sector they were well below that average (table 1). The likelihood of involuntary permanent layoff has always been lower in the services sector. Job instability is generally less of an issue in the services than goods sectors. However, the relative advantage of the services sector seems to be diminishing. The relative layoff rate is rising marginally in parts of the services sector.

One might expect to see such a relative increase in the business services sector, which includes financial services, real estate, insurance and services to business management. Information technology has had a tremendous impact on this sector, particularly banking. This may have led to increased layoffs and less stability for workers. There is some weak

[1] The Business and Labour Market Analysis Division.

evidence of this. The layoff rate in 1992/93 was around 5.9%, compared to 5.5% in the 1983-85 period (table 1), a period with similar aggregate unemployment rates. The relative layoff rate (the industry rate relative to the economy-wide average) increased from around 0.60 in the late 1970s to 0.70 in mid 1980s, to 0.80 in the early 1990s. Relative to the rest of the economy, job instability (as measured by layoffs) has been increasing in the business services sector. A similar but less pronounced increase in relative layoff rates is observed in the distributive services sector (wholesale trade, transportation, communications). The consumer services sector, however, is if anything witnessing lower relative rates. Not surprisingly, the health and education sector, which still displays the lowest layoff rates (along with public administration), has seen some increase in actual and relative layoff rates.

Table 1: Actual and Relative Permanent Layoff Rates in Canada: by Industry

	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93
Economy-Wide	7.4	6.5	6.2	6.8	8.7	7.8	7.9	7.5	7.1	6.8	6.5	6.2	7.2	7.6	7.5	7.3
Primary	13.1	11.4	11	13	15.7	17	17.5	17.3	18.9	17	17.3	15.9	16.4	17.3	17.4	17.7
Relative rate	1.77	1.75	1.77	1.91	1.80	2.18	2.22	2.31	2.66	2.50	2.66	2.56	2.28	2.28	2.32	2.42
Construction	26.3	24.9	24.3	26	32.3	31.3	31.6	28.9	27.4	25.7	25.6	25.2	28.9	30.2	30.2	29.1
Relative rate	3.55	3.83	3.92	3.82	3.71	4.01	4.00	3.85	3.86	3.78	3.94	4.06	4.01	3.97	4.03	3.99
Manufacturing	6.4	5.9	6.1	7.1	9.7	7.4	7.4	7.1	6.6	5.9	6	6.2	8.1	8.2	7.9	7.3
Relative rate	0.86	0.91	0.98	1.04	1.11	0.95	0.94	0.95	0.93	0.87	0.92	1.00	1.13	1.08	1.05	1.00
Distributive Services	5	4.5	4.4	4.9	7	5.9	5.7	5.7	5.5	6.6	4.7	4.5	5.7	6.2	6.2	6.1
Relative rate	0.68	0.69	0.71	0.72	0.80	0.76	0.72	0.76	0.77	0.97	0.72	0.73	0.79	0.82	0.83	0.84
Business Services	4.5	3.9	3.7	3.9	6.7	5.5	5.7	5.2	5.1	4.6	4.5	4.2	5.3	6	6.1	5.7
relative rate	0.61	0.60	0.60	0.57	0.77	0.71	0.72	0.69	0.72	0.68	0.69	0.68	0.74	0.79	0.81	0.78
Consumer Services	7.3	6	5.5	5.6	7.5	7.1	7.4	6.6	6.3	5.4	5.2	4.5	5.2	6.2	6.3	6.1
Relative rate	0.99	0.92	0.89	0.82	0.86	0.91	0.94	0.88	0.89	0.79	0.80	0.73	0.72	0.82	0.84	0.84
Health, Education & Welfare	2.4	1.6	1.4	1.6	1.8	1.9	2.2	2	1.6	1.8	1.8	1.9	2.3	2.4	2.5	2.5
Relative rate	0.32	0.25	0.23	0.24	0.21	0.24	0.28	0.27	0.23	0.26	0.28	0.31	0.32	0.32	0.33	0.34
Public Admin.	5.2	3.7	3	3.3	3.5	3.6	4.2	4	3.6	3.7	3.3	3.1	3.1	3.4	3.5	4
relative rate	0.70	0.57	0.48	0.49	0.40	0.46	0.53	0.53	0.51	0.54	0.51	0.50	0.43	0.45	0.47	0.55

It may be that the influence of information technologies in the business services and communications sector at least, combined with deficit reduction policies in the public sector have combined to decrease the relative job stability advantage of having a service sector job. However, layoff rates remain lower in the services, often dramatically lower, as in the public services.

Thus, the results for Canada regarding changing job stability are mixed. Overall job tenure among "new jobs" or existing jobs has not declined, and if anything has risen in the 1990s. After controlling for age and education compositional changes, there is some evidence of a marginal decline in the tenure of new jobs. There is evidence of a polarization in the duration of jobs. There are more short-term new jobs. This is consistent with the notion of rising contingent and temporary work. However, if a job lasts 6 months, it is more likely to last beyond 5 years than was previously the case. There is also some evidence of increasing relative job instability in parts of the services sector.

However, the overall hiring rate has fallen. Thus, it may not be that involuntary job loss has increased dramatically, but that having lost a job, finding another paid job is more difficult. Furthermore, it is noted in the companion paper that self-employment has increased dramatically in Canada. Earnings in those jobs are inherently more unstable, and this, combined with a decline in the hiring rate, may contribute to the sense that job instability has increased. Finally, some groups have seen job tenure fall and the probability of layoff rise, notably older workers. Increased layoff rates were observed among the more highly paid as well. It may be that such increases among groups traditionally immune to higher layoff rates have contributed to the rising sense of job instability in Canada.

Job Tenure and Worker Displacement in the U.S.

Job tenure studies conducted for the U.S. using data from the Current Population Survey (CPS) tenure supplements show that overall job tenure has been fairly stable over the last two decades.[2] Diebold, Neumark and Polsky (1994) find that overall job retention rates were fairly stable during the 1980s. Farber (1995) finds results that very much resemble those for Canada. He concludes that the prevalence of long-term jobs has not declined over the 1973 to 1993 period, but that less educated men are less likely to hold long-term jobs, and this was offset by an increase in the rate at which women hold longer term jobs. In examining the debate over these results, he concludes that the 1980s was not a period of generally decreasing job stability in the U.S.

In a recent release, the BLS (1997) reports that while overall median tenure rose slightly from 3.5 to 3.8 years between 1983 and 1996, it fell substantially among males in some

[2] The exception is Swinnerton and Wial (1995), who conclude that there was a decline in job stability during the 1980s. However, there was an error in their exclusions and also they treated nonresponse differently than have other authors.

age groups. In contrast, median tenure was up slightly for women between 1991 and 1996 but changed little from 1983-91.

Since there may be some variation in job tenure over the business cycle, it is safest to pick years that are roughly in the same position in the cycle. The BLS data show that between 1987 and 1996, both expansionary years, the overall median tenure for men remained constant at 4.0 years, but this was because of the rising number of older workers who generally have longer job tenure. For men, median job tenure fell from 7.0 to 6.1 for 35-44 year olds and 11.8 to 10.1 years for 45 to 54 year olds. In contrast, women in the prime age groups 25-34, 35-44, and 45-54 all experienced increases in median tenure.

Overall, median tenure for manufacturing in 1996 was 5.4 years, almost unchanged from 5.5 years in 1987, also well into an expansion. From 1987-96, median tenure rose considerably in finance, insurance, and real estate (FIRE), was about unchanged in retail trade, rose slightly in wholesale trade and in (other) services, and fell somewhat in transportation and public utilities. Overall, these data do not suggest that job instability in U.S. service producing industries is growing relative to that in the goods-producing sector. However, median tenure is lower on average in services so that growth of services relative to goods may have had a modest effect on the tenure level for the entire economy.

Studies of layoff trends based largely on a series of biennial "Displaced Workers" surveys, which are supplements to the CPS, have also been conducted in the U.S. Studying the two recessions, 1981-82 and 1991-92, Gardner (1995) finds roughly comparable rates of job loss for the two periods, but a change in the industrial and occupational mix of this job loss. Notably, the displacement rate in FIRE rose considerably between the two periods, as did the permanent layoff rate in Canada over a recent period. Using a different definition of displacement, Farber (1996) analyzed the period including 1991-93, and concluded that compared to a series of three-year periods since 1981, the job loss rate was the highest in the latest period, even though the economy was in a modest recovery. It seems as though much of this increase in 1991-93 was due to an increase in job loss due to "position/shift abolished", rather than due to increases from a rise in plant closings, slack work or other reasons. This fits with the "downsizing" notions. The increase in the displacement rate in the early 1990s in the U.S. was noted particularly among older, more educated workers. This is consistent with the observation in the Canadian data that older and more highly paid workers saw an increase in the probability of permanent layoffs in the early 1990s. The BLS press release on the data from the February 1996 survey reported that the number of workers displaced during 1993-95 was slightly below the level for the 1991-93 period.

In a review of recent empirical literature on displaced workers, Fallick (1996) observed that while there was no evidence of a secular rise in the frequency of displacement during the 1980s, there may have been a significant increase between the 1970s and 1980s. Hamermesh (1989) found from the Panel Study of Income Dynamics (PSID) data that the rate of job loss due to plant closings rose between the late 1960s and the 1980s. It may be that comparisons that focus on the 1980s and 1990s, as most do, miss the increase in

layoff probability. The significant increase may have occurred following the early 1980s recessions. This is true for many other aspects of labour market change, notably increased unemployment duration, declining earnings among the young, and increasing earnings inequality. Rising displacement probabilities may be among this list. The sense of rising job insecurity may stem from increase in the 1980s, not the 1990s.

Fallick also refers to studies by Farber (1993) and Podgursky (1992) which suggest that worker displacement is becoming more of a services sector phenomenon in the U.S. Even after accounting for changing industry shares of employment, they find that relative rates of worker displacement from retail trade, professional services, and finance/insurance/real estate have been rising. Thus, in the U.S. worker displacement is increasingly a service sector issue, as it appears to be in Canada as well.

In sum, the findings do not appear dramatically different for the U.S. and Canada. Notably, the job tenure studies, which are quite comparable, suggest little change in the length of a job.

II. DATA COMPARABILITY AND DATA GAPS: JOB STABILITY

Data Comparability and Interpretation of Results in the Job Tenure Studies

Data comparability in the job tenure studies using recent data is not a major issue. In both countries the data from the monthly labor force surveys now depend on questions that ask when the respondent started work for the current employer. Hence, job tenure refers to tenure with the employer. The CPS question in 1981 and prior years (except that in the 1979 pension supplement) referred to a job, rather than an employer; this is a major conceptual difference and studies analyzing longer periods including these earlier years have differed in their approaches to dealing with it.

There are numerous other issues with the job tenure studies that may render the results less than perfectly comparable. Whether one refers to the duration of all jobs or new jobs may make a difference. Some studies focus on job tenure in all jobs held at any given point in time. While this is a legitimate way of establishing a time series of data on job tenure, in this approach longer held jobs have a higher probability of being in the sample at any point in time than do short term jobs. An alternative approach focuses on job tenure in jobs that start during a given interval of, say, one year. Short and long term jobs are equally likely to be selected in this sample, as all "new" jobs starting in that year are selected. In this case, each year's sample consists of all cases where workers started with a firm in that year. The average "expected" completed job tenure of these new jobs is then computed. Of course, one cannot know the completed outcomes for these jobs, since they all started in that year. To get around this, continuation probabilities based on the data for all jobs that exist in that year are computed, and applied to the "new" jobs. This is the approach taken by Heisz (1996) for example. Results regarding changes in job tenure may differ depending upon which approach is used.

Another methodological dimension that can vary from study to study, and influence the comparability, is the way in which "duration" is defined. One can calculate the expected "completed" duration of a job based on current transition probabilities (as in Heisz), or current duration of an incomplete job spell (as in Green and Riddell). Such methodological differences could matter in comparisons of results.

But most importantly it is not clear whether one should expect job tenure to increase or decline in the economic environment of the 1990s. There is an implicit assumption in most of the job tenure studies that one might expect a decline in job tenure because of the potentially decreasing stability of employment. Given concerns about downsizing (even among profitable companies), the impact of technological change on employment, and other firm restructuring associated with the need to improve competitiveness, there is a belief that job stability might have fallen. That is, workers may be remaining with their firms for shorter periods of time in the 1990s because the likelihood of employer-initiated separations (associated with the causes just mentioned) had risen. However, job tenure is sensitive to changes in worker-initiated separations (largely quits) as well as employer-initiated separations (largely permanent layoffs). Thus, a rising quit rate in an expanding economy with good employment prospects will lead to decreasing job tenure.

In the 1990s job tenure in the aggregate is seen to rise in Canada. Aside from the changing demographic composition noted earlier, this may be in part because of a relatively low quit rate in the 1990s (as compared to comparable years in the business cycle in the 1980s). This low quit rate could stem from economic insecurity felt by workers and the low hiring and job creation rates. In this case rising job tenure would be associated with poor job opportunities, as it is in a recession. The proportion of workers separating from their firm actually falls marginally in recessions, as quits fall more than layoffs increase. This has been observed in both Canada (Picot and Baldwin, 1990), and the U.S. (Ackerlof, Rose and Yellen, 1988). Consequently, job tenure tends to increase in recessions, and fall in expansions. Thus, it is not clear whether one would expect declining or increasing job tenure in the 1990s in response to the restructuring taking place in firms. Part of the workers' response may be to hold onto the jobs they have for a longer period, reducing quit rates and lengthening job tenure. Increased employer-initiated separations due to downsizing and restructuring might tend to decrease job tenure. This could be masked by lengthening job tenure due to reduced quits, however. Thus, it is not clear that the current job tenure studies actually address the question of interest.

Ideally one would want to have data sources which at the very least allowed a differentiation between employer-initiated and worker-initiated separations. One approach may be to distinguish job losers from job leavers in the household survey data. Even this has its problems, however, as a worker may quit and find another job in anticipation of being laid off, and further, some workers may not report accurately on sensitive issues. Nonetheless, the cyclical properties of quits and layoffs are very different, suggesting that they are capturing different phenomena. Some quits may be in anticipation of layoffs, but

this is likely a minority. Being able to identify the cause of the separation in the job tenure studies would be a move in the right direction.

Comparability of Layoff and Worker Displacement Data

The second strand of work on job stability has focused on layoffs or worker displacement. The idea here is to focus directly on employer-initiated separations, and ask if they have increased. These data are not at all comparable between the two countries.

Displaced Worker Surveys

The U.S. has a series of displaced worker surveys that were initiated in 1984, and have been repeated every second year since that time. This is a supplement to the CPS. In the 1994 and 1996 surveys, respondents are asked to report information on job losses during the previous three years; in previous years the reference period was five years. In Canada only one such displaced workers survey was conducted, in 1986. It was never repeated, and hence a time series was not developed. The lack of the Displaced Worker Survey in Canada not only means there are no comparable data on the incidence of job loss, but more importantly post displacement adjustment trends cannot be monitored. Is the period of unemployment following job loss generally increasing or decreasing? Are wage losses (or gains) between jobs accentuated in the 1990s? Is the number of workers dropping out of the labour force following displacement rising? Is human capital becoming increasingly important in a successful adjustment? Do policies to assist displaced workers seem to be having any impact on the outcomes? And are these trends diverging between two major trading partners, Canada and the U.S.? Without the displaced workers survey data in Canada, such questions cannot be answered.

Canada does have the Longitudinal Labour Market Activity Survey (LMAS) for the 1986-1990 period, and the Longitudinal Survey of Labour and Income Dynamics (SLID) starting in data year 1993. Such questions can be posed for Canada using these data. However, there are no comparable data sets in the U.S. The Michigan PSID is the closest comparable source, but it captures much of the data in a somewhat different manner. The development of an identical data source in the two countries would be a tremendous asset when conducting job stability and post-displacement studies in the two countries.

This does not mean that the displaced workers surveys are not without their problems. One is respondent recall, which is viewed as a significant problem in this and similar surveys. Respondents to the CPS displaced workers survey are less likely to report displacements that occurred a longer time prior to the survey date than they are to report more recent displacements. For this reason, the number of layoffs and worker displacements may be underestimated in both the Canadian and American displaced worker surveys. Other factors may lead to overstatement, however. Nonetheless, such surveys do likely capture the job losses that result in significant adjustment difficulties, and provide a reliable time series and important information on adjustment patterns.

Time Series Data on Layoffs

In contrast to the situation regarding availability of displaced workers data, more data on layoffs and related measures is available for Canada than for the U.S. In Canada administrative data from the unemployment insurance system, combined with Revenue Canada taxation data, has allowed a series on quits, permanent layoffs, temporary layoffs and hires to be developed. A Record of Employment (ROE) is issued by the employer each time that a worker separates from a firm, either temporarily or permanently. This is required by the unemployment insurance system. It allows the volume of separations to be determined in Canada. Comparisons between survey data (the LMAS) and the administrative data suggest that the volume of permanent separations is very similar from the two sources. The worker separation records are then linked with taxation data. The latter provides a count of the number of persons employed, as well as information on age, gender, income, industry, and firm size. The worker separation records provide the numerator, the taxation data the denominator in the layoff rate calculation. The data span the period from 1978 to 1994. Furthermore, this series is produced from a longitudinal file of workers, so that issues regarding repeat layoffs and/or quits can be addressed, as can earnings changes, industrial mobility, etc. following displacement. This longitudinal feature also allows permanent layoffs to be separated from temporary, as one can determine whether the worker returns to the firm following the layoff. The major drawback of these data is timeliness. Because taxation data are used, the series is at least eighteen months out of date. Furthermore, the last years data cannot be used because it is required to determine whether a separation is temporary or permanent. Thus, the data series has a three year lag.

No comparable data set exists for the U.S. To address the job stability issue, trends in the incidence of job loss from the U.S. displaced workers data and the Canadian layoff time series can be compared. In the cross-section they may not be very comparable. As a time series, however, the findings may be comparable. There is no reason to believe that reporting effects in the displaced workers survey change over time. Thus, both countries have access to data sources that will allow some of the basic questions to be addressed. To date the answers from the data sources appear to be very similar. We will have to wait for more current Canadian data to determine if layoff rates have increased in the mid 1990s in Canada. The 1997 revision to the Labour Force Survey in Canada should improve the timeliness problem, as monthly data on new hires and separations will be available for the first time from this data source.

In theory it would be possible for the U.S. to produce a series on worker separations and hires from the individual wage records that are part of the Unemployment Insurance (UI) administrative data system. Although there has been discussion in the U.S. of development of a microdata file from the UI wage records that could be used for statistical purposes, there are currently no plans to do so.

Other Data Gaps

The real issue regarding job stability is earnings stability. If job losses are increasing, it may mean more interruptions in earnings or permanent earnings declines. This in turn might mean declining living standards for workers and their families, greater use of UI or social assistance (welfare), more difficulty in accumulating an adequate pension, and so on. Thus, longitudinal data sources are required that will allow us to determine if the variability of earnings for individual workers and their families has risen. Currently only the longitudinal taxation data referred to above will allow such work to be done for Canada. In the U.S. the longer panel surveys, namely the PSID or the National Longitudinal Surveys for selected cohorts allow this, and, in addition, the Survey of Income and Program Participation provides information over a shorter period. The data gap for Canada is being rectified, as the Survey of Labour and Income Dynamics, initiated in 1993, will ultimately produce longer-term longitudinal data. However, current plans are to run each panel for six years only. This may not be long enough to address long-term earnings instability questions.

In contrast to the availability of household data, there are no ongoing firm- or establishment- surveys for either country that can be used to analyze factors associated with tenure. However, two special efforts conducted at BLS, neither of which was focused on the issue of job stability, provide linked employer/worker information including the worker's tenure with the employer. Bronars and Famulari (1997) briefly describe and analyze the special White Collar Pay Survey supplement conducted in 1989 and 1990 that collected demographic information on a small random sample of workers within 354 establishments. They find that current wages and tenure are significantly positively correlated both within and across establishments, and that high-wage growth establishments tend to have longer tenure. The Survey of Employer-Provided Training (SEPT II) collected data in 1996 for a representative sample of U.S. establishments and from two randomly-selected individual workers within each surveyed establishment. The establishment component focused on formal training and workplace practices; the individual component focused on informal training as well as on collecting information on workers' characteristics including tenure.

In Canada a pilot survey of a linked establishment-worker survey has been conducted. It contains approximately 750 establishments and 2000 workers. Data on job tenure are collected from the workers, and this could be related to characteristics of the establishment (eg wage levels, types of market in which they function, technology adoption, etc.) to study the issue of job tenure. A production version of this survey is planned for early 1998.

III. SUMMARY

Existing data sources in the two countries allow for comparable studies of tenure in paid jobs and the results appear to be very similar. There are limitations regarding the interpretation of these studies when addressing issues of job instability associated with

"downsizing" and restructuring, however. More effort should be made to account for the reason for the separation from a job in the job tenure studies. It is important to focus on the impact of firm-initiated separations on job tenure, and to try to exclude the impact of worker-initiated separations.

Layoff and worker displacement data for the two countries are not directly comparable. However, they have been used to address similar questions regarding layoff trends, and to the early 1990s at least, the overall results have been quite similar. Generally speaking, the studies show little evidence of rising job instability to the early 1990s. Results for the mid-1990s will have to await further Canadian data and additional analysis for both countries. There is also some evidence in both countries that job instability as measured by displacements is increasingly becoming an issue associated with the services sector, although service sector workers continue to enjoy fewer displacements than their goods sector counterparts. But job tenure is lower in the services-producing sector, probably as the result of a higher quit rate.

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