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## Future of work

# Disruption inspires a less frenetic pace of change

Ironically workers move jobs and home less frequently than before

## Undercover Economist



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APRIL 13, 2017 by: **Tim Harford**

We live in an age of unrelenting change. That, at least, is what we are told by a consulting industry that thrives on a gospel of disruption, and journalists who overgeneralise from the earthquake in their own profession.

Anecdotal evidence of volatility is easy to find: the financial crisis; the cultural dominance of inventions such as [Facebook \(https://www.ft.com/topics](https://www.ft.com/topics)

[/organisations/Facebook\\_Inc](#)) (barely a teenager) and the iPhone (younger still); the rise of fringe political parties and a maverick president.

But the statistical evidence for [disruption \(https://www.ft.com/reports/disruption-and-technology\)](https://www.ft.com/reports/disruption-and-technology) is less compelling. The most straightforward evidence of that is [low productivity growth \(https://www.ft.com/article-UK-labour-productivity-martin-wolf\)](https://www.ft.com/article-UK-labour-productivity-martin-wolf) in many advanced economies. If the pace of change is really so frenetic, how come we don't see it in the productivity statistics?

One obvious measure of volatility would be the frequency with which people change jobs. When I entered the UK labour market in the late 1990s, the received wisdom was that a job for life was a thing of the past. Yet typical job tenure is longer today than it was then.

People are choosing to move between jobs less frequently. This is true both in the UK and in the US. In a 2015 [study \(http://www.resolutionfoundation.org/app/uploads/2015/07/A-steady-job.pdf\)](http://www.resolutionfoundation.org/app/uploads/2015/07/A-steady-job.pdf) of the UK labour market for the Resolution Foundation, a think-tank, Paul Gregg and Laura Gardiner found a striking fall in the tendency of people to move from one job to another.

### UK economy

Britain's dismal productivity is its biggest policy challenge  
(<https://www.ft.com/content/45578b70-1a0f-11e7-a266-12672483791a>)

In the 1990s and early 2000s, about 3-3.5 per cent of people with jobs would leave them each quarter in favour of new jobs. During the financial crisis that rate fell to well below 2 per cent. It has rebounded since, but is still far below historical norms. The decline was particularly pronounced for the under-thirties.

Why does this matter, if people have jobs? It matters because, as Mr Gregg and Ms Gardiner point out, moving from one job to

The data suggest that bad management is both rife and persistent



another often means a promotion and a substantial pay rise. When people — especially young people — find themselves in the same job for year after year, there comes a time when we no longer call this stability. We call it stagnation.

In the US, there is a similar story to be told — a long-term decline in job-to-job

transition rates that cannot simply be explained away by a change in the demographics of the workforce.

A parallel trend in the US is the decline in [geographical mobility \(https://www.ft.com/content/c8b727d4-0383-11e7-ace0-1ce02ef0def9\)](https://www.ft.com/content/c8b727d4-0383-11e7-ace0-1ce02ef0def9). The percentage of Americans moving from one state to another in a particular year has fallen by about half since 1990 — a striking fall, and one that seems surprising given the standard narratives of a scattered and atomised society. If it's really true that Americans don't know their neighbours any more, then they must be working hard to avoid them, because they have those neighbours for far longer than once they did.

Perhaps we fear change more than ever. Tyler Cowen's new book [\*The Complacent Class\* \(https://www.ft.com/content/a1110af4-f462-11e6-95ee-f14e55513608\)](https://www.ft.com/content/a1110af4-f462-11e6-95ee-f14e55513608) argues that America has become less adventurous in many ways. An album from two decades ago would sound just fine to modern ears; films wrap new special effects around well-worn plots and characters. The chief expression of our cultural courage now is to eat at a trendy new restaurant. Ethiopian or Peruvian cuisine may offer delicious fresh flavours but it is hardly a force for cultural revolution.

Mr Cowen's argument is fascinating. But one need not invoke culture to explain the stasis in the job market. A 2016 paper from economists [Mike Konczal and Marshall Steinbaum \(http://rooseveltinstitute.org/wp-content/uploads/2016/07/Declining-](http://rooseveltinstitute.org/wp-content/uploads/2016/07/Declining-)

[Entrepreneurship-Labor-Mobility-and-Business-Dynamism-A-Demand-Side-Approach.pdf](#)) argued that the main reason people don't quit or move to find good jobs is because there are fewer good jobs available. If companies were hungry for talent, but people were reluctant to move, wages should be soaring in a scramble to persuade them. In most industries, they aren't.

A more upbeat account, at least superficially, comes from economists [Greg Kaplan and Sam Schulhofer-Wohl](#) (<https://mobile.minneapolisfed.org/research/wp/wp697.pdf>). They point out that, thanks to the internet, people can find the perfect job in the perfect place and never need to move again. (The same logic implies that dating apps reduce the number of fruitless first dates. I am not sure anybody believes that.)

But Messrs Kaplan and Schulhofer-Wohl also note that economies are now more homogenous than once they were. When once people would move to Michigan to build cars, or to coastal ports to work on the docks, now every job is a service-sector job. Whether you flip burgers or perform brain surgery, you can work in any state, so there is no strong need to move.

This is plausible, but it is also sad. It suggests that given the ability to move anywhere, we stay put. I am reminded of a [study of college friendships](http://journals.sagepub.com/doi/abs/10.1177/1368430211410751) (<http://journals.sagepub.com/doi/abs/10.1177/1368430211410751>) conducted by psychologists Angela Bahns, Kate Pickett and Christian Crandall. They found that students in a large, diverse campus sought out and befriended other students very much like themselves. In smaller universities with fewer friendship options, young people had more varied groups of friends because the alternative was to have no friends at all.

Our bias towards the status quo is not new — but perhaps we are taking advantage of new opportunities to indulge it.

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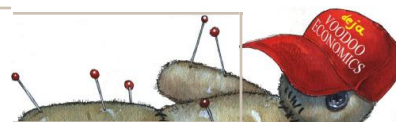
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