DEBUNKING THE JOB-HOPPING MYTH:
A Data-Driven Look at Tenure and Turnover Among Younger Workers

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By Tyler Bond, Dan Doonan, and William Kenneally

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ABOUT THE AUTHORS

Dan Doonan is executive director of the National Institute on Retirement Security. With the Board of Directors, Doonan leads the organization's strategic planning, retirement research, and education initiatives. He has more than 20 years of experience working on retirement issues from different vantage points including an analyst, consultant, trainer, and retirement plan trustee. Previously, he was a senior pension specialist with the National Education Association. Doonan began his career at the Department of Labor as a mathematical statistician, and also spent seven years conducting actuarial analyses with Buck Consultants in the retirement practice. His experience also includes positions as a research director and labor economist. Doonan holds a B.S. in mathematics from Elizabethtown College and is a member of the National Academy of Social Insurance. He is a frequent speaker on retirement issues, including testimony before legislative bodies, and often is quoted in the news media.

Tyler Bond is the research director for the National Institute on Retirement Security (NIRS). He works with the executive director to plan all NIRS research products. Since joining NIRS, Bond has authored or co-authored numerous research reports, issue briefs, and fact sheets on a wide range of topics relating to retirement security. He regularly speaks at conferences about NIRS research and testifies before policymakers.

Previously, Bond spent four years at the National Public Pension Coalition, where he directed the research program and authored six original research reports. He also has held positions on Capitol Hill and at the Center on Budget and Policy Priorities. Bond holds a B.A. in political science and philosophy from Indiana University and an M.A. in public policy from The George Washington University. He is a member of the National Academy of Social Insurance.

William Kenneally is a business student at Temple University's Fox School of Business and a research intern with the National Institute on Retirement Security. He is pursuing a Bachelor of Business Administration in Actuarial Science with an expected graduation in 2026. He has taken coursework focused financial mathematics and probability, including Theory of Interest and Actuarial Probability. William is a member of Gamma Iota Sigma and the Society of American Baseball Research. He also has experience in journalism as a former writer for *The Cageliner* at The Edmund Burke School.

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INTRODUCTION

There is a widespread belief that Millennial and Generation Z workers switch jobs more often than Generation X and Baby Boomers did during their early careers. This perception has led some to cast doubt on the appeal of defined benefit pension plans for today's younger workers because pensions often require longer periods of continuous employment to earn full retirement benefits.

However, a careful analysis of employment data indicates that Millennial and Generation Z employees are behaving similarly as prior generations did at the same ages. In fact, there is virtually no evidence that Millennials change jobs more frequently than Generation X employees did when they were younger.[1]

Younger workers changing jobs more frequently than older workers is not a new phenomenon. Generation X and Baby Boomers also tended to switch jobs more often when they were early in their careers. In fact, available data show that Millennial and Generation Z workers exhibit similar job-changing patterns to those earlier generations at comparable ages. The Employee Benefit Research Institute (EBRI) has thoroughly documented the patterns in employee tenure over decades and found similar results as the findings of this research.[2] Some research even indicates that Millennials are less likely to change jobs than Gen X and Baby Boomers were at the same stage of life.[3]

Retention and quit rates appear to be primarily influenced by factors beyond generational differences, such as the strength of the job market and overall economic conditions. In a strong economy, companies tend to hire more and can offer more competitive wages, making it easier for employees to change jobs. On the other hand, during periods of economic uncertainty or limited job opportunities, workers are often more cautious about taking career risks or making job moves. According to the Chicago Fed, there is "a strong and positive relationship between the share of employed workers quitting their jobs (quit rate) and the rate of wage and price inflation. Periods of time when the quit rate increases often predate periods of higher inflation."[4]

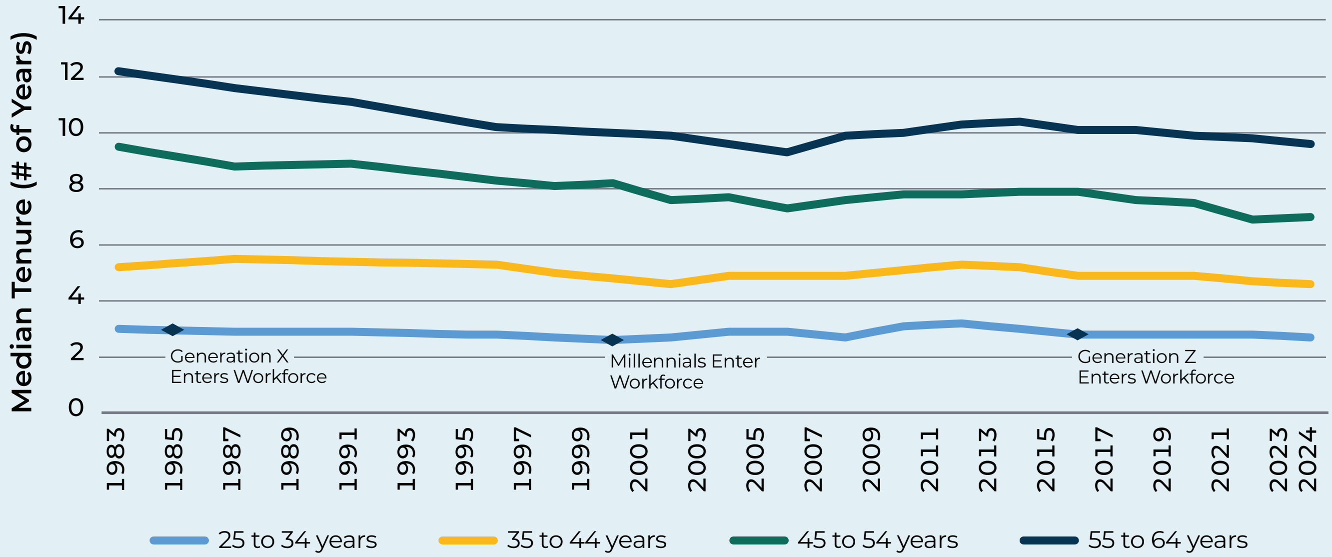
MEDIAN TENURE: A HISTORICAL LOOK AT JOB RETENTION

When looking at job tenure data from the U.S. Bureau of Labor Statistics (BLS), it is clear that shorter job tenure among younger workers is not a new trend, and it's largely consistent across generations. While there has been some overall decline in tenure, especially among older groups, generational differences in job loyalty may be overstated. Economic factors and job market dynamics likely play a more significant role than generational attitudes alone.

Employees aged 25 to 34 years in 1983 were exclusively Baby Boomers and their median job tenure was three years. Employees between 25 and 34 years old in 2024, an assortment of Millennials and Gen Z employees, recorded a median job tenure of 2.7 years—which is higher than in 2000 (2.6 years). In other words, the median Baby Boomers only stayed at their jobs for a few months longer when they were young than Generation Z and Millennials in 2024.

The other age groups have followed a similar trend throughout the last four decades. Thirty-five to 44-year-old employees' median tenure has remained consistent from 1983 to 2024. **Figure 1** clearly depicts the fact that younger people across generations have historically lower tenures than employees older than them.

Figure 1: Median Tenure By Age Group



Workforce entry is defined as the oldest member of the generation turning age 20.
Source: U.S. Bureau of Labor Statistics. Supplement to the Current Population Survey, January 2024

Additional research supports this claim. The Pew Research Center found that "college-educated Millennials are sticking with their jobs longer than their Gen X counterparts. About 75 percent of college-educated 25- to 35-year-olds (75% for men and 74% for women) had worked for their employer at least 13 months in 2016. In 2000, somewhat fewer college-educated Gen X women (70%) had been on the job that long. Among college-educated Generation X men, 72 percent had similar tenure."[5] The same study also concluded that "the increasing job tenure of college-educated Millennials is consistent with a decline in employer switching among all working-age adults since the 1980s".[6]

In fact, if there is any real trend in the median tenure in Figure 1, it is that older workers have shorter tenures today than older workers in the past. This could be due to several possible factors, including the decline of private-sector pension plans that provide strong financial incentives to stay in place until retirement, a decline in the percentage of Americans working in manufacturing (where retention has been consistently strong), or the fact that there are simply more opportunities in today's dynamic economy to find a new job.

The bottom line: younger workers today are behaving similarly to younger workers of previous generations.

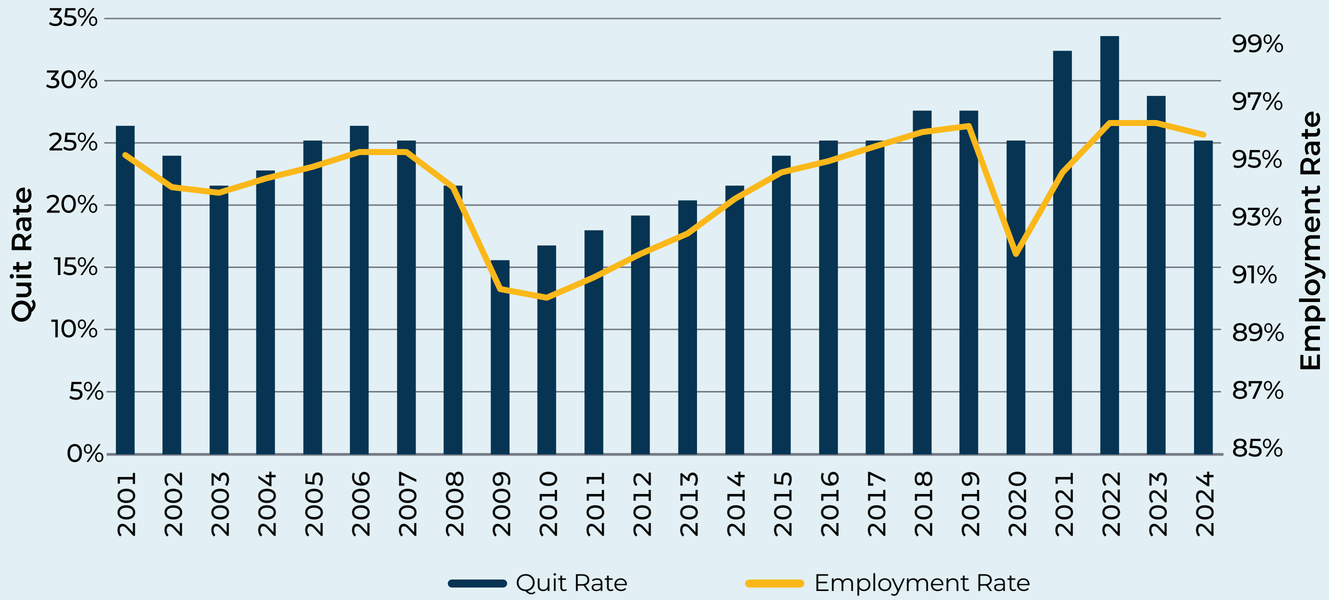
The role of economic conditions in driving employee turnover was illustrated during two recent major events: the Great Recession of 2008 and the Covid-19 pandemic shutdown of 2020 (**Figure 2**). During the Great Recession, the employment rate (defined here by one minus the unemployment rate) declined sharply and the quit rate fell as the economy shed jobs. During this difficult economic time job losses were widespread and hiring was slower than it had been previously. Once the economy began to recover, employment increased and the quits rate reverted to more normal levels.

Following large initial job losses in the spring of 2020, the quick rebound in the employment rate and sharp increase in the quit rate from 2020 to 2021 depicts the "Great Resignation." The "Great Resignation" refers to the unprecedented number of workers who voluntarily left their jobs after the COVID-19 pandemic, often in search of better working conditions, higher pay, or more meaningful employment. The nationwide trend highlighted a shift in worker preferences amid a rapidly changing labor market.[7] In retrospect, there were again many jobs lost during the early months of the pandemic and there may have been pent-up demand for switching jobs due to a suppression of opportunity that resulted from efforts to address health threats.

Differences in employee turnover also emerge across different sectors and industries, whether it is public sector versus private sector or across different industries within the private sector.

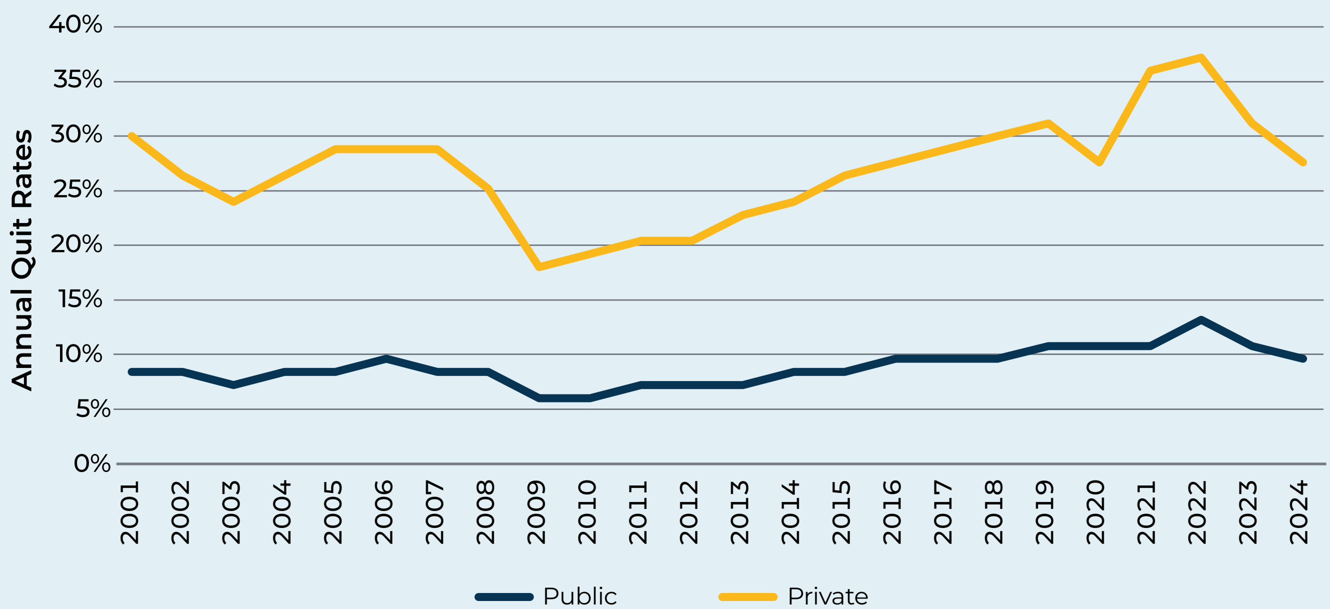
Employee benefits are a significant factor in an employee's decision on whether to stay at their job or not. The public

Figure 2: Annual Quit Rate vs Employment Rate Among All U.S. Workers



Source: U.S. Bureau of Labor Statistics. Job Openings and Labor Turnover Survey

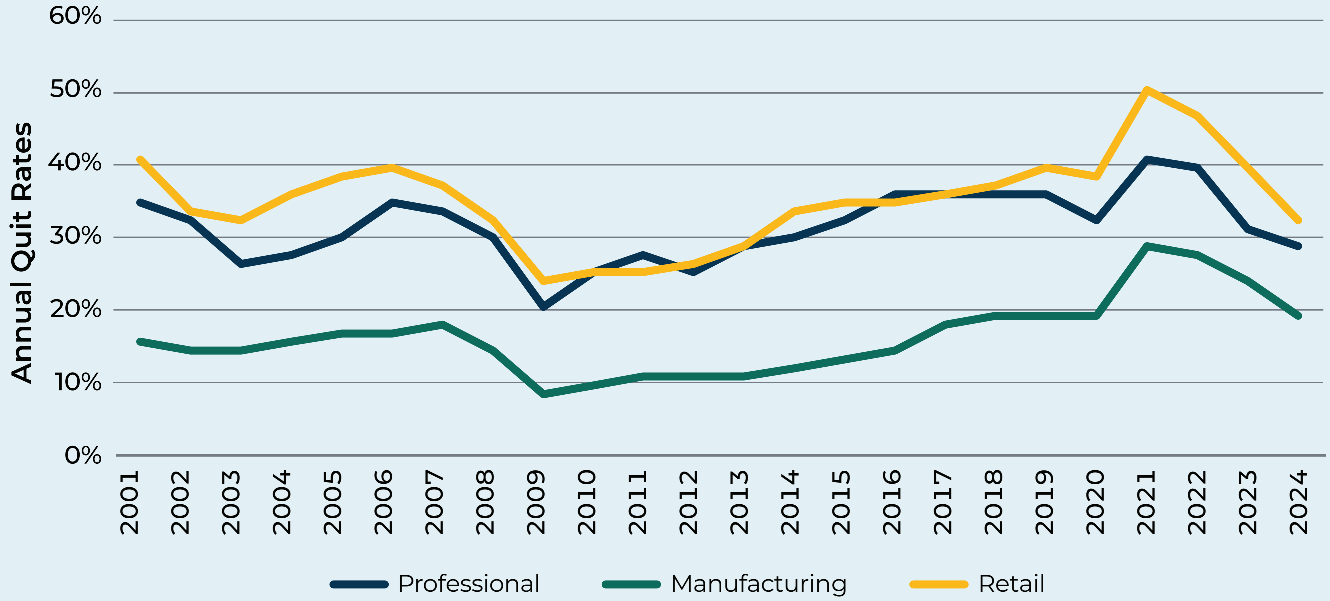
Figure 3: Quit Rates: Private vs Public Sector Jobs



Source: U.S. Bureau of Labor Statistics. Job Openings and Labor Turnover Survey

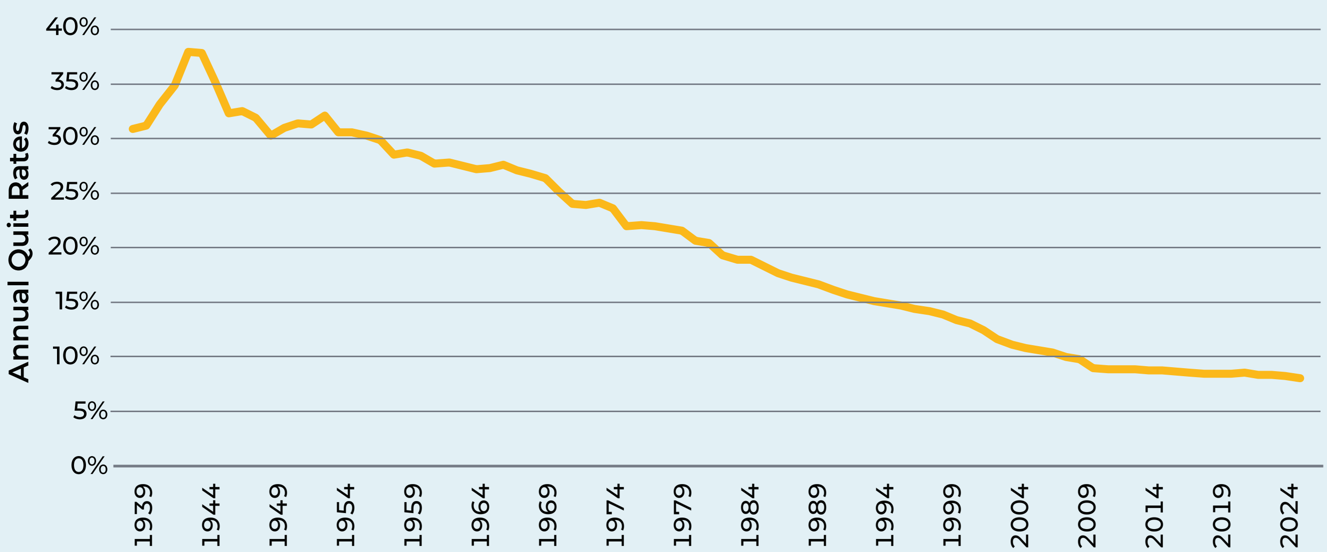
sector tends to offer strong healthcare and retirement benefits. For example, about 86 percent of state and local government employees have access to a defined benefit pension plan as compared to only 15 percent in the private sector.[8] Additionally, 89 percent of state and local government employees have healthcare benefits through their employer, higher than the 72 percent in the private sector.[9] Despite lower average pay, public sector benefits incentivize employees to stay in their jobs and reward long careers, hence the historically higher private sector quit rates seen in **Figure 3**.

Figure 4: Quit Rates: Professional & Business Services vs Retail vs Manufacturing



Source: U.S. Bureau of Labor Statistics. Job Openings and Labor Turnover Survey

Figure 5: Pecrentage of American Workforce Employed in Manufacturing



Source: U.S. Bureau of Labor Statistics. Current Employment Statistics (Establishment Survey)

Even within the private sector, various industries see different levels of workers voluntarily leaving their jobs. **Figure 4** depicts quit rates across three industries: Professional and Business Services, Retail, and Manufacturing. Professional and Business Services include fields like consulting, legal, accounting, and administrative support. This sector supports a wide range of industries and is a major source of high-skill jobs. Retail covers the sale of goods to consumers through stores and online, including clothing, food, and electronics. It's one of the largest U.S.

employment sectors. Manufacturing involves producing goods like cars, machinery, and electronics. While smaller than in past decades, manufacturing remains crucial to exports and innovation.

Job retention trends vary across these three industries. The difference in quit rates between the manufacturing industry and the professional services and retail industries can be partly explained by the variation in employee benefit offerings. The manufacturing industry sees higher retention in part because it offers more robust pay and benefits to its workers. As of 2021, 90 percent of manufacturing workers have healthcare benefits and 84 percent have retirement benefits that are provided through their job.[10] Retail jobs rarely offer such comprehensive benefits, which can contribute to higher quit rates.

Quit rates in the manufacturing industry have remained steady despite the long-term decline in the number of manufacturing jobs in the U.S. (**Figure 5**). This trend suggests that American workers are not inherently less loyal to their jobs, but rather that the U.S. economy has been moving away from industries that historically have emphasized long careers, like the manufacturing industry.

HAS THE ADVENT OF GIG WORK SIGNIFICANTLY IMPACTED OVERALL EMPLOYEE RETENTION RATES?

The emergence of the "gig economy" is another potential component of the myth regarding Millennial and Gen Z employee tenure. Gig work refers to short term, task based jobs performed by independent workers often facilitated by digital platforms. Workers are typically paid per task or project (a "gig") rather than receiving a regular salary or wage, giving them flexibility but generally depriving them of benefits and legal protections associated with traditional employment.

There is a perception that younger Americans are quitting their full-time jobs for gig work that provides work schedule flexibility. But the data indicate that the vast majority of gig workers only work a handful of hours each week to provide a secondary source of income that supplements a full-time job. According to the Pew Research Center, 16 percent of Americans have earned income as gig workers. Among that 16 percent, only 31 percent report that their gig job is their main job. Moreover, only eight percent of these workers say they typically work 30 or more hours a week on gig work. Full-time online gig workers only account for roughly three percent of adults aged 18 and older living in the U.S.[11] Thus, there is no evidence to suggest that gig work has shifted generational employment trends.

CONCLUSION

The myth of the job-hopping Millennial or Gen Z worker has had surprising resilience. Despite evidence that younger workers today are behaving much the same as younger workers did in the past, the idea that "young people today change jobs more frequently and therefore want more 'flexible' benefits" is still often cited. A simple look at readily available data shows that this is not true. Younger workers always will have shorter average and median tenures because they haven't had the time to be employed for as long, and younger workers will change jobs more frequently than older workers as they look for the job or career that is right for them. But these are not new phenomena.

A BLS report found that late Baby Boomers held an average of 12.7 jobs over their careers, but nearly half of those jobs were held when they were ages 18 to 24.[12] This suggests that Baby Boomers also changed jobs more frequently when they were young. When these Baby Boomers started a job when they were older than 25, they were more likely to stay in that job for longer.

Employers, policymakers, and others involved in employee benefit design and administration should beware of ascribing overly broad and largely inaccurate beliefs to specific groups of younger workers. The notion that workers in the future would not be interested in a job perk such as a defined benefit pension because they are likely to leave that job quickly isn't supported by the data. Retirement may not be top of mind for a young worker with more immediate financial concerns, but a robust retirement benefit is likely something they will come to appreciate as they move through life's various stages, just as prior generations did.

ENDNOTES

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