

Job Reallocation and Average Job Tenure: Theory and Workplace Evidence from Australia

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We explore determinants of job reallocation and the implications for employment change and average job tenure in this paper. A model which associates technological advances with the process of economic growth is analysed and extended. Data on average job tenure within workplaces and gross job flows across workplaces in Australia are constructed by us from a single panel of workplace data and examined. Substantial simultaneous job creation and destruction are found in a year of strong job growth, suggesting that workplace heterogeneity is an important feature of the Australian labour market. The predictions generated from the theoretical model are examined with the data for job flows and average job tenure. Our results support the key features of the model.

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