Department of Economics
2024-2025
Seminar Series

Monday, October 7, 2024
12:30 PM-1:50 PM
SBS, Room N603

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The Churn Ladder

Firms vary considerably in their worker churn, the excess turnover of their labor force. Simple job ladder models predict such heterogeneity because high-wage firms poach from lower-wage firms. This paper empirically shows this important qualitative prediction: the firm's wage rank and turnover rate are highly correlated, and workers descend a "churn ladder" as they transition across employers. However, job-to-job transitions alone do not account for the cross-sectional dispersion in churn observed in the data. Separations to non-employment also correlate with churn and the wage rank of firms, a pattern that is essential to the distribution of churn. We introduce firm-level and worker-level heterogeneity in separations, the latter of which results in endogenous sorting across firms and is particularly important for the job ladder model to match the empirical patterns of churn and wages.
Authors: Larry Warren and David Wiczer

All in-person seminars will be held in the Social and Behavioral Sciences Building, Room N603. For additional information, contact the seminar organizers: Profs. Chang Liu & Eva Carceles-Poveda. Visit our webpage for additional information: stonybrook.edu/economics.

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