Using data from the Health and Retirement Study (HRS) for 1992 to 2008, we analyze trends in voluntary, pressured, and forced quits and the impact of quits in late middle age on labor force participation and the age of retirement. We show that between 1992 and 1998 the proportion of men aged 58-62 working for their age-50 employer declined by a statistically significant 10 percentage points, the proportion remaining stable thereafter. The percent of women working for their age-50 employer was stable, reflecting the opposing effects of greater female attachment to the labor force and increased job mobility.

We investigate whether this decline was the result of an upsurge in voluntary, pressured, or forced quits, and whether pressured quits are more akin to forced or voluntary quits. We define a forced quit as one in which the individual states he quit because the business closed, he was laid off or let go, or he suffered health problems or disability. Pressured quits include any non-forced quits in which a supervisor or co-workers encouraged departure; wages or hours were about to be reduced; the employee would have been laid off had he not quit; or there was a change in duties, job location, or health insurance coverage.

Consistent with the findings of previous research, forced quits were more prevalent among those without pension coverage, and less prevalent among those with greater tenure and more education. Ten to 15 percent of quits were pressured. Pressured quits also appeared to be more prevalent among those with short tenure and without pension coverage. But no clear time trend emerges from descriptive statistics.

To further investigate the determinants of quit types, we estimate a multinomial logit model of labor market transitions among succeeding waves in which we distinguish between voluntary, pressured, and forced quits to either a new job or non-participation in the labor market. We use the HRS in pooled cross section and restrict our sample to people aged 50-59. Table 3 in the paper reports relative risk ratios. A value of one indicates that the right-hand-side variable does not alter the likelihood of that particular transition, relative to staying in the job. A value greater than one indicates that it increases the likelihood of the transition, and a value of less than one indicates that it decreases the likelihood of the transition.

Among men, those with any type of pension, long tenure, and less than a high school education are less likely to involuntarily move to a new job. Among men, those who have less than a high school education, long tenure, higher wages, and pension and health insurance coverage are less likely to voluntarily or involuntarily move to a new job. Those with a defined benefit or defined contribution pension, or health insurance coverage are less likely to involuntarily retire. The incidence of voluntary retirement is lower among those in good health, with employer health insurance, and low wealth. A high local unemploy-
ment rate is associated with increases in the incidence of pressured transitions to a new job, and both voluntary and involuntary retirements, and reductions in the incidence of voluntary transitions to a new job and pressured retirements.

Previous research has shown that workers who experience involuntary job loss in late middle age often experience extended periods of unemployment. Those who eventually re-enter the labor force typically do so at much-reduced wages and with fewer benefits. But the long-term effects are less clear. Workers may compensate for the reduction in wages and period spent out of the labor force by delaying eventual retirement. The HRS now contains 16 years of data; for the first time it is possible to investigate the long-run effects of job loss.

We categorize workers according to whether they quit their age-50 employer by age 56, and further subdivide quits according to whether the first quit was forced, pressured, or voluntary. We estimate a multinomial logit model, in which our dependent variable distinguishes among individuals who are working full-time, part-time, or not working for pay. We find that experiencing a quit of any type between ages 50 and 56 approximately doubles the risks of not working for pay at 60 or working part-time at that age, relative to a base case of remaining employed by one’s age-50 employer at age 56.

Analyses that focus on the first post-displacement job provide an incomplete picture of the long-term impact of job loss in late middle age. Although the first post-displacement job may provide lower pay and fewer benefits than the pre-displacement job, workers may subsequently be able to find a better job. On the other hand, it is well established that tenure protects workers against job loss, so workers may be at elevated risk of further job loss in their post-displacement job. To provide a rounded picture of the long-run effects of job loss in late middle age, we classify workers according to whether they quit their age-50 employer by age 56, and further classify workers who quit according to whether their first such quit was voluntary, pressured, or forced.

Our research shows that quits of all types have long-lasting effects on labor market outcomes. Workers who quit their age-50 job between 50 and 56 are much less likely to be working for pay at age 60 than those who remain with their age-50 employer until age 56, regardless of whether their departure is voluntary, pressured, or forced. To the extent that their departure from the labor force reflects a well-thought-out preference for early retirement, the low labor force participation rate of workers who voluntarily quit their age-50 employer is arguably not a matter for policy concern. But the same is not true for workers experiencing pressured or forced quits.

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