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Understanding Job Transitions and Retirement Expectations Using Stated Preferences for Job Characteristics

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As the population ages in the United States and other countries, encouraging older individuals to work would help counter increasing dependency ratios and improve national economic outcomes. A fuller understanding of retirement transitions and the types of jobs that incentivize older individuals to remain in the workforce would help inform such encouragement. Extending working lives is likely not simply a function of improving monetary incentives. Instead, job characteristics are also potentially important, yet under-studied, determinants of whether individuals near retirement remain in the labor force. This paper aims to address this research gap by collecting and analyzing information about working conditions and stated preferences for working conditions for a nationally representative sample of American workers.

We use previously-collected data on both job characteristics and preferences for job characteristics and work at older ages from the 2015 American Working Conditions Survey (AWCS). To the 2015 data, we match information on job transitions three years after the initial survey. We use the matched data to study the relationship between preferences for job characteristics and actual job transitions. We then estimate heterogeneity in preferences for job characteristics as a function of age and plans for retirement. We test whether preferences differ for older workers ages 50 to 61 with different self-perceived probabilities of working in the future. Finally, we test whether preferences differ for retirement-aged individuals ages 62 and older who are working or not working.

We find support for the hypothesis that, in general, workers transition to jobs with characteristics that align with their preferences for those characteristics. Table 3 (Page 2) presents these estimates. Workers who switch away from having certain attributes tend to value to those attributes less than those who remain in jobs with the same attributes. Similarly, workers who switch to jobs with certain attributes tend to value those attributes more than those who remain in jobs without the same attributes. We are not able to draw strong conclusions about

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differences between those who exit employment with certain attributes versus those who remain in jobs without certain attributes.

Finally, Table 4 (Page 3) presents estimates of preferences for working conditions by age and retirement expectations. Among those ages 50 to 61, we find weak evidence that workers who have lower expectations of working at age 62 tend to value nonwage job characteristics more than those who have higher expectations of working at age 62. However, we do not find differences between individuals ages 62 and older who are working versus not working. At the same time, our findings are consistent with previous work showing that older workers tend to value nonwage working conditions more than younger workers. In future work, we can examine the relationship between preferences for working conditions and transitions into (and possibly out of) retirement.

Table 3. Estimates of Willingness to Pay for Each Attribute by Transition Group

	Has Attribute in Period 1				Lacks Attribute in Period 1			
Attribute	**Subtotal**	**Has in Period 2**	**Lacks in Period 2**	**Exit in Period 2**	**Subtotal**	**Lacks in Period 2**	**Has in Period 2**	**Exit in Period 2**
	(A)	**(A1)**	**(A2)**	**(A3)**	**(B)**	**(B1)**	**(B2)**	**(B3)**
Control over Hours	0.107	0.111	0.086	0.126	0.048***	0.033	0.072*	0.078*
	(0.009)	(0.011)	(0.021)	(0.022)	(0.011)	(0.014)	(0.023)	(0.028)
Option to Telecommute	0.072	0.098	0.046**	0.012*	0.034**	0.032	0.039	0.045
	(0.015)	(0.019)	(0.023)	(0.055)	(0.010)	(0.013)	(0.025)	(0.022)
Relaxed Pace	0.062	0.085	0.013***	0.074	0.033*	0.023	0.059*	0.052
	(0.015)	(0.020)	(0.024)	(0.028)	(0.010)	(0.012)	(0.021)	(0.025)
Independence	0.027	0.036	0.005	0.086	0.038	0.038	0.029	0.037
	(0.013)	(0.019)	(0.019)	(0.034)	(0.009)	(0.010)	(0.024)	(0.032)
Training Opportunities	0.058	0.071	0.020**	0.028	0.042	0.034	0.041	0.064
	(0.011)	(0.014)	(0.017)	(0.046)	(0.012)	(0.017)	(0.019)	(0.028)
Impact on Society	0.032	0.043	0.003	0.062	0.046	0.052	0.041	0.030
	(0.013)	(0.013)	(0.032)	(0.033)	(0.011)	(0.016)	(0.019)	(0.024)
P-Value Joint Significance			0.005	0.110	0.001		0.082	0.114

Note: Stars denote statistically significant differences relative to column (A) for column (B), relative to column (A1) for columns (A2) and (A3), and relative to column (B1) for columns (B2) and (B3). Significance levels: * 10%, ** 5%, *** 1%.

Table 4. Estimates of Willingness to Pay for Each Attribute by Age Group and (Expected) Retirement

	Ages 50 to 61			Ages 62+		
Attribute	**Low Prob**	**High Prob**	**P-Value**	**Not Working**	**Working**	**P-Value**
Control over Hours	0.101***	0.071***	0.155	0.124***	0.146***	0.438
	(0.017)	(0.013)		(0.018)	(0.023)	
Option to Telecommute	0.063***	0.025*	0.044	0.090***	0.059***	0.245
	(0.014)	(0.013)		(0.017)	(0.020)	
Moderate Physical Activity	0.193***	0.174***	0.507	0.285***	0.305***	0.64
	(0.023)	(0.019)		(0.026)	(0.035)	
Sitting	0.156***	0.127***	0.358	0.246***	0.244***	0.979
	(0.026)	(0.018)		(0.029)	(0.032)	
Relaxed Pace	0.067***	0.042***	0.205	0.098***	0.073***	0.362
	(0.016)	(0.013)		(0.019)	(0.021)	
Independence	0.046***	0.045***	0.967	0.065***	0.114***	0.09
	(0.016)	(0.013)		(0.018)	(0.022)	
10 days PTO	0.161***	0.174***	0.662	0.207***	0.170***	0.348
	(0.023)	(0.021)		(0.022)	(0.032)	
20 days PTO	0.250***	0.234***	0.641	0.276***	0.261***	0.702
	(0.029)	(0.018)		(0.024)	(0.029)	
Team-Based, Own Evaluation	0.119***	0.065***	0.069	0.145***	0.138***	0.858
	(0.024)	(0.017)		(0.023)	(0.029)	
Work by Self	0.111***	0.074***	0.292	0.140***	0.181***	0.282
	(0.030)	(0.017)		(0.023)	(0.031)	
Training Opportunities	0.057***	0.040***	0.338	0.089***	0.042*	0.08
	(0.014)	(0.011)		(0.017)	(0.021)	
Impact on Society	0.012	0.037***	0.212	0.067***	0.031	0.187
	(0.016)	(0.012)		(0.018)	(0.021)	
Best vs. Worst Job, All Attributes	0.628***	0.550***	0.103	0.747***	0.742***	0.916
	(0.040)	(0.026)		(0.026)	(0.033)	
N	329	353		442	275	

Notes: Stars denote statistical significance from zero at the following levels: * 10%, ** 5%, *** 1%. P-values shown for tests of statistically significant differences between low and high probability (of working at age 62) workers ages 50 to 61 and between working versus nonworking individuals ages 62+, respectively

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