



Effect of job characteristics on labor force participation at older ages

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Can “better” job-characteristics increase labor supply of older workers?

Would people work to older ages if offered ...

- flexible work hours
- part-time jobs
- reduced stress/physical demands?

Observed labor force participation not informative:

Cannot distinguish preferences and constraints.

E.g., earlier retirement due to health or skill limitations vs. preferences?

Examine from multiple angles

ARTICLE

The effects of job characteristics on retirement

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- Workers' preferred pathways to retirement
- Worker's beliefs of what factors limit their ability to work to advanced age
- Current vs. desired job characteristics
- Retirement expectations with and without availability of certain job characteristics



Data: RAND American Life Panel

- Internet panel survey (2007+)
- Nationally representative
- Weighted to ACS
- Field period of survey used here: Dec 2017 – Feb 2018
- age 50-80; most analyses use age 50-69
- N=2,177
- some attachment to labor force

Desired Retirement Pathways

- 2/3 of workers prefer traditional pathway: full-time → retire in 60s
- Only about 1/3 follow traditional pathway.

Ask respondent to rate 9 pathways, ignoring constraints, constant wage rate

- Full-time → retire at age X
- Full-time → part-time at age X → retire at age Y
- Full-time → self-empl at age X → retire at age Y
- Retire, then unretire

Workers' Beliefs of What Limits Ability to Work Until Age 70?

Constraints: Health and Job Demands

Would the following factors limit your ability to continue working at current job until age 70?

	Not at all	Somewhat	Moderately or greatly	Total
Health problems	11%	35%	54%	100%
Job demands	18%	33%	47%	100%
Having to take care of others	25%	35%	39%	100%
Business conditions	33%	32%	34%	100%
Employer would not extend contract	51%	20%	29%	100%

What job characteristics do workers want?

Older workers would like jobs that are:

- Less cognitive, physical
- More social, comfortable, flexible

Asked workers about

- Features of current job
- 14 dimensions: cognitive, physical, social
- Features they would like to have if moving to another job after age 60 (desired job)

Compare:
current vs. desired job characteristics

Would better job characteristics increase work at older ages?

How much?

Elicit retirement expectations: “P70”

What are the chances that you will be doing any work for pay after you reach age 70?

Add conditions related to job characteristics:

Suppose [x]. In this case, what are the chances you would be doing any work for pay after age 70?

Subjective causal effect =

P70 with condition – P70 without condition

Causal Effects of Job Characteristics

Largest: flexible schedule, stress, physical, self-emp.

<i>Job characteristics</i>	Probability of working past age 70		Subjective causal effect, ([3] - [2])
	Without condition	With condition	
	[2]	[3]	[4]
1. Employer offers flexible schedule	17.2	32.2	15.0
2. Job not stressful	33.4	44.6	11.2
3. Job requires no physical effort	33.3	44.3	11.0
4. Become self-employed	27.7	38.5	10.8
5. Short commute	29.3	38.3	9.1
6. Work from home	30.5	39.3	8.9
7. Job requires no concentration	33.4	41.4	8.0
8. Switch to part-time at current emp.	31.4	35.6	4.2

For comparison: Causal Effects of Health, Wealth and Wage also large

	Probability of working past age 70		Subjective causal effect, ([3] - [2])
	Without condition	With condition	
<i>Panel A: Health/econ factors</i>	[2]	[3]	[4]
1. Health: good or better	18.5	39.5	21.0
2. Wealth: \$500k more	32.6	16.4	-16.2
3. Wage: 20% more	27.1	37.2	10.1
<i>Panel B: Job characteristics</i>			
1. Employer offers flexible schedule	17.2	32.2	15.0
2. Job not stressful	33.4	44.6	11.2
3. Job requires no physical effort	33.3	44.3	11.0
4. Become self-employed	27.7	38.5	10.8
5. Short commute	29.3	38.3	9.1

Heterogeneity in Causal Effects Across Individuals

Example: Effect of flexible schedule

OLS regression of individual-level subjective causal effect on rich set of covariates, including current job characteristics

Results:

- smaller effects if allowed to work from home
 - telecommuting is “enough” flexibility?
- larger effects if worried about job demands
- small differences by gender, education, race

Conclusions

Large fraction (2/3) of older workers want standard “full-time work → retirement” pathways

- but there is heterogeneity

Job characteristics are important to workers.

- Workers want less cognitive and less physical jobs, and more flexibility

Some job characteristics have large causal effect on working past age 70

- Large effects: hour flexibility, stress, physical demands, commute time
- Small(er) effects: part-time jobs



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