

**Pathways to Retirement:
Patterns of Labor Force Participation and Labor Market Exit among
the Pre-Retirement Population by Race, Hispanic Origin, and Sex**

Chenoa Flippen¹

Marta Tienda²

¹ University of Chicago, Population Research Center, 1155 E. 60th Street, Chicago, IL 60637
chenoa@opr.princeton.edu

² Princeton University, Office of Population Research, 21 Prospect Ave., Princeton, NJ 08540
tienda@opr.princeton.edu

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Abstract

Objectives: This paper examines the pre-retirement labor force participation behavior of black, white, and Hispanic men and women to determine how patterns of labor market exit differ among groups. **Methods:** We combine data from the first and second waves of the Health and Retirement Study and apply multinomial logit regression techniques to model labor force status in the first wave of the HRS and change over time. **Results:** Black, Hispanic, and female elderly persons experience more involuntary job separation in the years immediately prior to retirement and the resulting periods of joblessness often eventuate in “retirement” or labor force withdrawal. Minority disadvantage in human capital, health, and employment characteristics account for a large part of racial and ethnic differences in labor force withdrawal. Nevertheless, black men and Hispanic women experience more involuntary labor market exits than whites with similar socio-economic and demographic characteristics. **Discussion:** Workers most vulnerable to labor market difficulties during their youth confront formidable obstacles maintaining their desired level of labor force attachment as they approach their golden years. This has significant policy implications for the contours of gender and race/ethnic inequality among elderly persons, particularly as life expectancy and the size of the minority elderly population continue to increase.

Introduction

Numerous studies, based largely on middle class white males, have shown the importance of “pull” factors, such as pension and Social Security benefits, for retirement decisions (Gordon & Blinder, 1980; Burtless & Moffitt, 1984). However, for certain groups of workers “push” factors, such as diminishing job opportunities and increased joblessness in later years, are crucial determinants of labor force withdrawal (Boaz, 1988; Couch, 1998; Morrow-Howell & Leon, 1988). For these workers, labor market constraints, poor health, and family care-giving obligations more often determine the timing of labor market exit than Social Security or pension incentives. These push factors also help explain racial, ethnic, and gender differences in employment behavior among older workers. Mature blacks and Hispanics, who are over-represented among low-skill workers, frequently lack the retirement benefits that facilitate retirement and are simultaneously more vulnerable to lay-off, disability and other forms of involuntary job separation. Likewise, mature female workers often lack pension benefits, and if unmarried, face an elevated risk of poverty. Histories of low skill employment with frequent interruptions and family constraints may subject women to greater involuntary job loss as well. Because employment experiences in the years immediately prior to retirement are indicative of wellbeing throughout old age (Crystal, Shea, & Krishnaswami, 1992; Morrow-Howell & Leon, 1988), race and gender differences in late-aged labor force experience have important implications for inequality in economic wellbeing among elderly persons.

The greater vulnerability of black male workers to involuntary pathways out of the labor force is relatively well established (Gibson, 1987; Burr, Massagli, Mutchler &

Pienta, 1996; Hayward, Friedman, & Chen, 1996), but far less research has examined Hispanic labor market exit patterns. Currently a relatively young population, the rapid growth of the Hispanic population during the last three decades implies a large number of Hispanic elderly persons in the not so distant future. Hence from a policy standpoint, it is important to anticipate and understand whether and in what ways Hispanic retirement decisions differ from black and white aging both in its precursors and its consequences. Furthermore, prior research hints at an important interaction between race and gender in structuring labor market outcomes in pre-retirement years (Ruhm, 1996; Gohmann, 1990), but this topic remains understudied. Particularly lacking are studies that consider both race and gender differences in pathways out of the labor market *and* that distinguish between retirement and other forms of labor market exit.

Accordingly, this paper compares patterns of labor force participation among black, white, and Hispanic men and women nearing retirement age. We formulate a conceptual framework that integrates both push and pull factors undergirding patterns of labor market withdrawal. Based on the first two waves of the Health and Retirement Study (HRS), the first part of the empirical analysis describes aggregate differences in labor force status across groups and uses the baseline survey to examine factors associated with labor force participation decisions by race, Hispanic origin, and sex. The second part of the analysis examines changes in employment status across waves of the HRS, and documents how pathways out of the labor market differ across groups. These analyses detail the extent of racial and ethnic inequality in labor force participation among men and women. We also consider how race/ethnicity and gender interact to structure employment patterns. We also examine the human capital, health, and

employment characteristics that affect the process of labor market exit to identify what aspects of prior employment experiences (such as industrial sector, firm size, and employment instability) affect labor force participation in the pre-retirement years, and to evaluate whether these characteristics account for the large race and ethnic differences in late-aged labor force participation.

Review of Empirical Research

The bulk of research on labor market withdrawal is based on the experiences of white, middle class males. Classical economic studies view retirement as the voluntary termination of career employment based on the rational calculation of maximum utility from the tradeoff between income and consumption (which includes leisure). These studies focus on the disincentive effects of Social Security and private pension benefits on the labor supply of older workers (Quinn & Burkhauser, 1994).

In recent years, researchers have acknowledged the importance of demand-side factors in determining the timing of labor force withdrawal. Older workers face age discrimination (Johnson & Neumark, 1997) and other sources of labor market adversity that increase with age, including reduced incentives for human capital accumulation, skill obsolescence, physical limitations, and fixed costs of employment (Straka, 1992). These factors pose serious employment constraints for older workers. Poorly educated and low-skill workers withdraw from the labor market at younger ages than their better-educated and higher-skilled peers often before they are eligible for Social Security and in spite of low retirement incomes (Ruhm, 1990; Mitchell, Levine, & Pozzebon, 1988). One driving force behind this apparent paradox is involuntary separation from primary employment

and the lack of steady, full-time work (Boaz, 1988; Morrow-Howell & Leon, 1988). Compared to their younger peers, older workers who lose their jobs experience greater difficulty finding re-employment, experience longer spells of unemployment, and suffer greater earnings reductions when they do find work (Hayward, Friedman, & Chen, 1998; Sum & Fogg, 1990; Diamond & Hausman, 1984).

Research on older black workers documents significant labor market disadvantages relative to whites. Blacks average lower levels of education and fewer economic resources and tend to work in more unstable industries than white workers. Thus, as blacks approach traditional retirement age, their opportunities for an "orderly" labor market exit are greatly reduced (Burr et al., 1996). Gibson (1987) argued that the term "retirement" may have little meaning for working class blacks who display continuous instability in employment throughout their lives until death or full disability. Likewise, Couch (1998) found that older non-whites are both more vulnerable to job displacement and more adversely affected by it. Specifically, they experience lower rates of reemployment, lower personal and household incomes, and lower rates of health insurance coverage following displacement than white workers, with similar levels of education and job tenure.

The poorer average health of black workers is another major source of racial differences in employment during the years preceding traditional retirement age. Older black workers spend a greater portion of their lives disabled than whites (Hayward et al., 1996; Hayward, Grady, Hardy & Sommers, 1989). Because health problems experienced by blacks are more likely to be disabling (due to their disproportionate concentration in more physically demanding jobs), race differences in health and functional ability

account for a large part of the race gap in employment (Bound, Schoenbaum, & Waidman, 1995).

Research on Hispanic labor force withdrawal is relatively scarce, but existing studies show that Hispanics experience significant labor market disadvantage in the pre-retirement years. Like blacks, many Hispanic workers exhibit lifetime patterns of employment instability and poor health that lead to the gradual lengthening of non-work episodes with age (Zsembik & Singer, 1990). However, Hispanic labor market disadvantage relative to whites is less than for blacks (Wray, 1996; Santiago & Muschkin, 1996).

Although most studies of retirement focus on men, there is growing interest in women's retirement, which differs in several important respects from that of men. First, women are more likely than men to exit the labor market in response to family caregiving obligations at any age (Reitzes, Mutran, & Fernandez, 1998). Also, married women's retirement is highly influenced by the retirement decisions of their husbands. Because women tend to marry slightly older men, synchronized retirement results in a younger average age of retirement for women (Ruhm, 1996; Skirbol & Silverman, 1992). However, women who were more work-oriented throughout their life course are more likely to work further into old age (Pienta, Burr, & Mutchler, 1994) and more likely to retire in tandem with their husband (Henretta, O'Rand, & Chan, 1993a; Henretta, O'Rand, & Chan, 1993b).

Second, women have less continuous work histories, earn lower average incomes, and are concentrated in industries and occupations that tend to lack pension benefits. Hence they approach old age with considerably lower Social Security and pension

benefits than men (Even & Macpherson, 1994). There is some evidence that women are less responsive to Social Security and pension incentives than men (Honig, 1985; Reimers & Honig, 1996), and that married women's retirement is more strongly influenced by their husband's pensions than their own (Henretta & O'Rand, 1983). The current structure of Social Security and pension systems also drastically reduces benefits after divorce or widowhood, raising women's risk of poverty with age (Quadagno, 1988). Combined with women's longer average life expectancy and tendency to marry men older than themselves, these circumstances produce a "feminization" of old-age poverty that often necessitates prolonged labor force participation (Stone, 1989).

Third, women also differ from men in the incidence and type of health problems they incur with age. Women have an advantage relative to men in terms of mortality, but the reverse is true for morbidity. Also, women tend to suffer from more chronic conditions than men, and they experience more functional limitations. However, men report more poor health risk factors such as smoking and alcohol abuse, which tend to aggravate health conditions and make them more disabling (Wray, 1996).

And finally, men and women differ on several employment dimensions that influence retirement. For example, women's unstable work histories and their concentration in lower skill occupations could make them more vulnerable to involuntary job loss as they approach retirement age. However, the growth of bureaucracies and the expansion of service employment have generated increased demand for the types of occupations and skills traditionally held by women (DeViney & O'Rand, 1988). Also, women are over-represented in white collar jobs which tend to offer greater stability than service and blue collar occupations. Although changes in the structure of employment

generally favor women, and rising stocks of human capital enhance their employment prospects, relative to men women remain disadvantaged in the labor market at all ages. These sex differences are likely to be especially large among pre-retirement women, most of whom experienced less favorable market conditions than younger cohorts (Hardy, 1991; Stone, 1989).

Racial and ethnic differences in employment are also notably different for men and women. Among men, whites have the highest and blacks the lowest labor force participation rates through the life span. And both black and Hispanic men are disadvantaged relative to white men in terms of their employment characteristics (such as pension, employment stability, etc.). Among women blacks have the highest and Hispanics the lowest rates of labor force participation. Further, because black women are considerably more likely than white women to have worked steadily most of their adult lives, they actually compare favorably to white women on several employment outcomes (Belgrave, 1988; Ruhm, 1996).

This paper contributes to the understanding of race/ethnic and gender differences in labor force withdrawal in several ways. First, we include Hispanics in our analysis, a group generally neglected in studies of minority aging. In addition to being one of the fastest growing segments of the elderly population (Wykle & Kaskel, 1991), Hispanics also differ in several respects from both whites and blacks in ways that could affect their employment prospects as they age. For instance, a large share of Hispanic elderly persons have extremely low levels of education, and many also lack fluency in English. These characteristics may have limited their access to well-paid jobs, and especially to those providing pension and retirement incomes. Hispanic elderly persons experience

high rates of poverty, and are often more disadvantaged than their black peers with respect to employment history characteristics (Santiago & Muschkin, 1996; Quinn & Kozy, 1996).

A second contribution of this analysis is the simultaneous consideration of race/ethnic and gender differences in labor market exit. Most studies that examine race differences in pre-retirement employment either focus either exclusively on men (Hayward et al., 1996; Burr et al., 1996; Bound et al., 1995; Gustman & Steinmeier, 1986) or exclusively on women (Belgrave, 1988; Pienta et al., 1994). Likewise, most studies on sex differences in labor force withdrawal do not consider race (Hayward, Grady, & McLaughlin, 1988a; Hayward, Grady, & McLaughlin, 1988b; Honig, 1985; Reimers & Honig, 1996). Those that do consider both race and gender find important interactions that are worthy of further investigation (Ruhm, 1996; Gohmann, 1990).

Specifically, the few studies that consider both race and gender differences in withdrawal tend to portray labor force status as a dichotomy (employment versus “retirement”) and fail to consider differences in forms of labor market withdrawal. Our paper unpacks non-employment into unemployment, retirement, and non-participation, which includes discouraged workers, the disabled, and homemakers. That is, we portray pathways out of the labor market, distinguishing between voluntary and involuntary forms of labor market exit, which are especially important for low skill and minority older workers. Most studies that consider multiple forms of labor market exit generally ignore sex differences among race and ethnic groups (Hayward et al., 1998; Hayward et al., 1996; Bound et al., 1995). A third contribution of our study is that we distinguish among types of labor market exit for both race/ethnic and sex groups.

And finally, by combining longitudinal and cross-sectional data, we trace the actual pathways of black, white, and Hispanic men and women out of the labor market. The higher incidence of non-work (either retirement or non-participation) among minorities has led many authors to infer that minorities are more likely to exit the labor market through unemployment and disability. Using the longitudinal data in HRS, we evaluate the salience of these pathways.

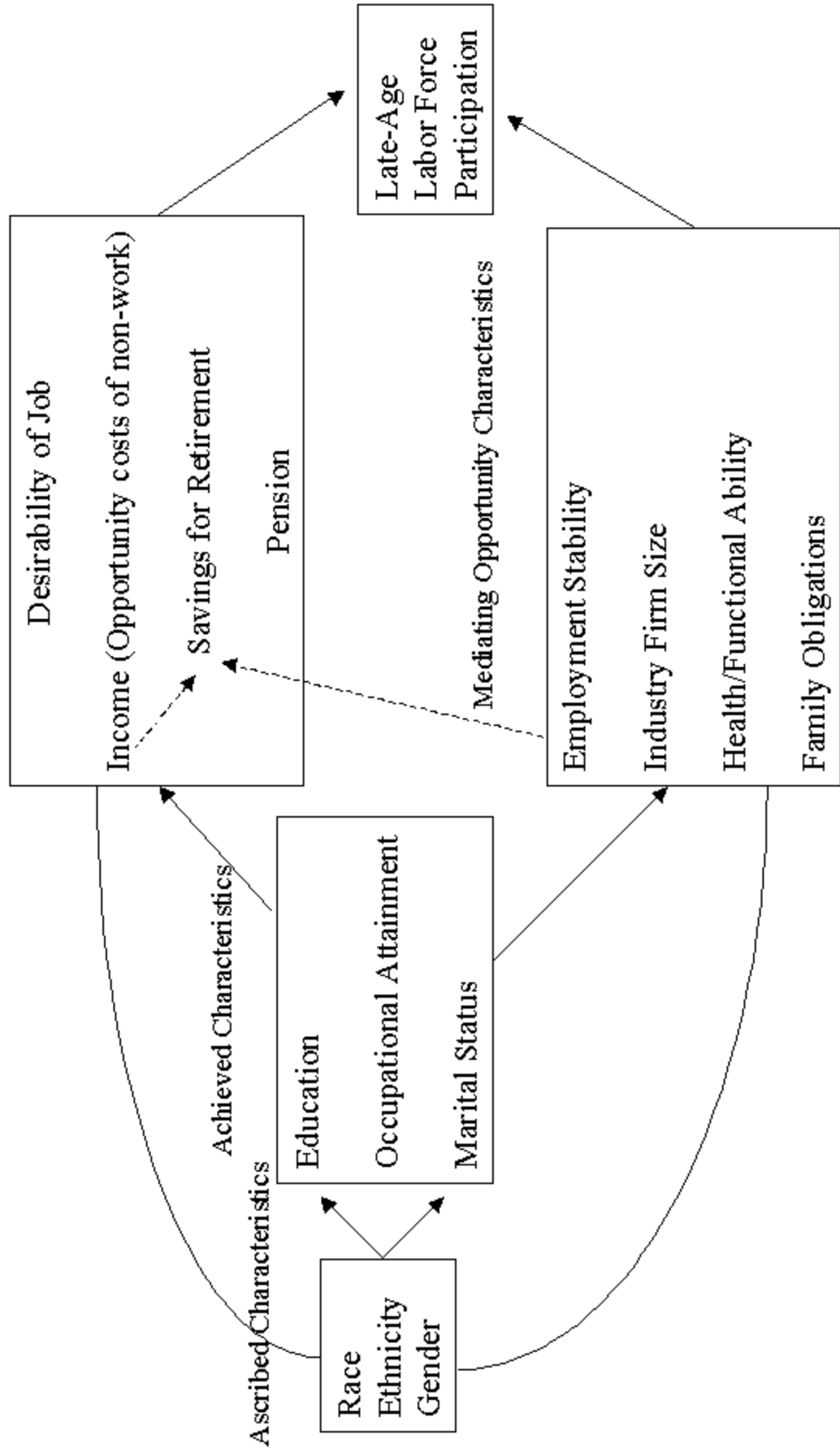
Conceptual Framework:

Prior studies identify two sets of characteristics that influence retirement decisions: those that determine a worker's *motivation* to remain in the labor market, and those that represent a worker's *opportunities* to remain employed (see Figure 1). Preferences regarding leisure, job amenities, opportunity costs of non-work, and level of personal and pension savings for retirement all affect individual motivation to remain in the labor market. Employment characteristics that determine a worker's vulnerability to involuntary job loss (such as employment history, industrial sector, and firm size), health and functional ability, and family obligations determine whether workers can maintain their desired level of labor market attachment. Both ascribed and achieved characteristics influence these motivational and opportunity characteristics.

To elaborate on Figure 1, the higher average educational and occupational attainment of elderly whites affords them higher pension coverage and greater savings for retirement, motivating them to leave the labor market at younger ages. At the same time, their higher opportunity costs of non-work, better working conditions, better average health and functional ability both motivate them to remain in the labor market and ensure

that they are better able to do so. Conversely, the lower educational and occupational status of minority older workers seldom provide the pension and savings that facilitate retirement, which forces many to remain in the labor market out of economic necessity. However, their poorer average health, lower levels of physical functioning, and histories of employment in unstable, low-skill industries increase their vulnerability to involuntary job loss that often precipitates permanent labor market withdrawal.

Figure 1. Conceptual Framework: Determinants of Late-Age Labor Force Participation



This framework also applies to sex differences in labor market withdrawal. Women's less continuous work histories, lower average incomes, and occupational and industry characteristics undermine their pension and personal savings for retirement. Women's low levels of employment experience relative to men and greater family care-giving obligations often limit their labor market options. However, growing labor demand in female-dominated industries could offset these constraints. Because labor market and family characteristics (particularly marital status) differ by race and Hispanic origin, gender differences in employment are likely to differ appreciably across racial and ethnic groups.

This conceptual framework and review of prior studies suggests several testable propositions. First, both black and Hispanic older workers, but particularly the former, are more vulnerable to adverse forms of labor market exit as they approach retirement age. It is particularly important to discern how Hispanics differ in this regard, as there is a relative paucity of information available on this rapidly growing segment of the aging population. Second, we expect women to exhibit more involuntary pathways out of the labor market than their male peers. Third, we expect greater race and ethnic differences in labor market withdrawal among men compared to women. And finally, we expect that prior labor market characteristics will exert a strong impact on employment in the pre-retirement years, such that workers who faced employment insecurity at younger ages are more vulnerable to involuntary labor market withdrawal as they approach retirement.

Data, Methods, and Empirical Specification

This study is based on the first two waves of the Health and Retirement Study (HRS), a nationally representative sample of persons aged 51-61 in 1992 and their spouses or partners. The survey is longitudinal, with the baseline interview conducted in 1992 and subsequent waves every 2 years, and collects extensive data on the employment, pension, health, family structure, and income characteristics of age-eligible respondents and their spouses. Blacks and Hispanics were over-sampled in the HRS. Of the 12,654 total respondents in Wave I, 16 percent were black and 9 percent were Hispanic (Juster & Suzman, 1995).

Despite the richness of the HRS, these data also impose analytical challenges stemming from the sampling technique, attrition, missing data and imputation values. Regarding the former, the Hispanic sample of the HRS is not a random cross-section of the US Hispanic population because Mexican Americans are over-represented relative to their national population share, as are those living in areas of high Hispanic concentration. In addition, nearly 10 percent of the sample was lost between waves. Our own diagnostic tests comparing Wave I (full baseline) and Wave II (reduced by attrition) revealed that women were less likely than men to attrite, as were married and better educated persons. As in most longitudinal surveys, Hispanic attrition is well above that of blacks and whites (Hsueh, 1996), but is equally distributed by initial labor force status. By contrast, black and white attrition was slightly higher among persons who were not in the labor force. Analyses of changes in employment reported in Tables 5, 6, and 7 are affected by attrition, but only modestly. Specifically, moves from nonparticipation to

labor force activity are slightly understated and persistence in employment is slightly overstated.

We restrict our analysis to age eligible respondents because their non-age eligible spouses are not randomly selected and therefore not nationally representative. We further restrict the analysis to persons who had worked during the 20 years prior to the baseline interview because retirement is not salient for those who had withdrawn from the market prior to this time. Among those with recent employment experience, missing data due to non-response was minimal. We therefore restrict our analysis to those with valid employment characteristics (nearly 90 percent of respondents excluded for this criterion were female homemakers who may have held a short-term job). For the sole variable with significant missing values (firm size), we constructed a flag for missing data, which was included in the statistical models to ensure unbiased parameters. Only one variable analyzed relied on imputed data—financial assets. The HRS used a series of unfolding bracket follow-up questions for non-response to wealth questions, that produced significantly lower levels of non-response and more reliably imputed values (Smith, 1995).

We operationalize our conceptual framework through several statistical models predicting labor force status in Wave I and change in status across waves. The dependent variable, labor force status, consists of 4 mutually exclusive categories: employed, unemployed, retired, and out of the labor force (disabled, homemaker, and other). Because these questions were not mutually exclusive in the HRS survey, we implemented a set of recodes to make them so. Respondents who said they were employed and checked another labor force status were coded as employed. Likewise, unemployment

took precedence over disability and retirement, which took precedence over disability. Because the dependent variable is composed of four non-ordered categories, we employ multinomial logit regression techniques to estimate the effects of covariates on labor force participation.

Table 1 summarizes the operational definitions of variables that are mapped conceptually in Figure 1, and reports their sample distributions by race, Hispanic origin, and sex. These covariates have been justified above, hence we only highlight special properties in the interest of parsimony. For example, the 1980s and 1990s witnessed increasing labor market payoff to education and skill (Murphy & Welch, 1993). We therefore include dummy variables for low (less than high school) education and white collar occupation to test for these effects. Marital status also impacts labor force decisions, as married workers tend to work longer and tend to exit employment through formal retirement rather than involuntary pathways.

Table 1. Independent Variables and their Sample^a Distribution

Variable Definition	Men			Women		
	White	Black	Hispanic	White	Black	Hispanic
Ascribed Characteristics						
Race/Ethnicity						
Sex						
Age (mean)	55.9	55.9	55.7	55.8	55.9	55.7
Achieved (Human Capital) Characteristics						
Education						
% Less than High School education	21.1	45.4	62.7	20.1	39.9	63.5
Marital Status						
% Married	86.9	72.4	85.0	74.6	44.6	63.5
% Divorced	9.0	17.6	10.9	14.6	30.2	22.8
% Widowed	1.1	4.2	1.3	8.2	17.3	9.6
% Never Married	2.9	5.7	2.8	2.6	7.8	4.2
Health/Functional Status						
% Severe or moderate ADL limitation	1.8	4.5	4.1	1.8	5.8	6.7
% Severe muscle or mobility limitation	7.6	11.8	12.2	10.9	16.4	13.2
% Moderate muscle or mobility limitation	10.6	10.4	12.7	18.6	19.1	19.1
% No limitation	80.0	73.3	71.0	68.7	58.7	61.0
Employment Characteristics						
Occupation						
% White collar	51.7	22.8	23.1	70.3	37.8	35.4
Industry						
% Prof. Services, Finance, Public Admin.	25.0	21.7	17.6	46.6	48.8	34.3
% Agriculture/Mining	16.5	17.8	24.9	2.8	0.5	4.8
% Manufacturing, Transportation	36.5	39.1	31.3	16.7	17.3	23.6
% Sales	14.7	13.7	20.2	22.8	9.8	17.7
% Business, Repair, Personal Services	7.2	7.7	6.0	11.1	23.6	19.7
Firm Size						
% Small (< 100)	46.2	39.2	50.5	49.7	35.1	48.9
% Medium (100 < 499)	13.0	12.8	14.2	13.9	11.4	12.9
% Large (> 500)	38.7	43.1	28.8	32.2	45.3	28.7
% Missing	2.1	4.8	6.5	4.2	8.2	9.6
Employment Stability						
# times laid off over career (mean)	0.6	0.7	1.1	0.5	0.4	0.8
Savings Characteristics						
% Pension Coverage (from any job)	58.3	55.1	37.6	46.0	49.3	32.0
Personal Savings						
Net financial assets (mean in 10,000s)	216.5	48.6	45.1	177.7	50.5	61.2
N	3315	663	386	3112	843	356

^a Refers to respondents with employment experience since 1972

Source: Authors' calculations from HRS Wave I

Our measure of health status is based on functional ability. Respondents in the HRS were asked if they had any difficulties performing a wide array of tasks, ranging from picking up a dime to climbing several flights of stairs. We used these responses to construct four mutually exclusive categories of functional ability, adapted from those used by Wray (1996). One category includes respondents with at least one severe or moderate limitation in the basic Activities of Daily Living (ADLs). These individuals experience moderate to great difficulty in one or more of the following activities: getting out of bed, bathing, dressing, or feeding themselves. The second category includes persons who are free from serious ADL limitations but who experience severe difficulty with at least one mobility or muscle function. These respondents report that they cannot walk a block, get up after sitting for an extended period, climb a flight of stairs, lift 10 pounds, or push or pull heavy objects. The third category includes respondents who experience only moderate difficulty with one or more of these same mobility and muscle functions, and the final category report minor or no functional limitations.

Employment history and financial status also influence individuals' motivation and opportunities to retire. Employment in industrial sectors most adversely impacted by deindustrialization and in smaller firms increases workers' vulnerability to involuntary labor market exit. Likewise, a history of unstable employment during prime-aged years could increase the risk of instability in later years. To measure employment instability we use the number of times laid off over a career. Finally, to represent retirement savings available for post-employment consumption, we index whether workers are covered by a pension and include a measure of household financial assets.

We use the likelihood ratio test statistic to assess goodness of fit and aid in variable selection. The best fitting models are presented and discussed below. Overall results indicate that each of our theoretically driven sets of variables add significantly to the overall fit of the models. However, partly because of smaller sample sizes for the models of change in employment across waves, more parsimonious models better fit the data.

Labor Force Status in the First Wave of the HRS

Table 2 presents the employment status of white, black, and Hispanic respondents in the first wave of the HRS separately by sex. Minority labor market disadvantage relative to whites is evinced by their higher levels of unemployment and non-participation. However, racial and ethnic differences in employment are far more pronounced among men than among women. White and black women exhibit very similar patterns of employment, but Hispanic women are less likely to be employed and more likely to be unemployed or out of the labor force. In general, women are less likely than men to be employed or retired and more likely to be out of the labor force (primarily homemakers).

Table 2. Wave I Employment Status Distribution by Race, Hispanic Origin, and Gender ^a

	Men			Women		
	White	Black	Hispanic	White	Black	Hispanic
% Employed	79.7	64.9	71.2	67.8	65.6	57.6
% Unemployed/Laid Off	4.5	8.3	9.8	3.8	5.2	9.3
% Retired	9.7	10.6	5.7	7.7	7.4	3.1
% Out of the Labor Force	6.1	16.3	13.2	20.6	21.8	30.1
N	3315	663	386	3112	843	356

^a Refers to respondents with employment experience since 1972

Source: Authors' calculations from HRS Wave I

It remains to be seen, however, whether minorities and women remain less likely to be employed after accounting for their employment and health characteristics. We therefore estimate a series of multinomial logit models predicting labor force status in the first wave of the HRS. We first estimate models pooled by gender to examine the effect of sex on labor force status. These results (not reported) indicate that while women are more likely to be out of the labor force than men, they do not differ from men with respect to unemployment or retirement. It is not clear whether women's greater non-participation is voluntary (i.e. homemaking) or involuntary (i.e. disability or discouraged worker).

Additional tests revealed that gender interacts significantly with race and other socio-economic characteristics. We therefore next estimate models of labor force status separately for men and women. Table 3 reports the odds ratios and 95 percent confidence intervals for the multinomial logit models predicting employment status in Wave I. As specified, the estimates represent the odds of being unemployed, retired, or out of the labor force relative to being employed associated with a given variable.

Table 3a. Determinants of Men's Employment Status in Wave I^a: Odds Ratios and Confidence Intervals (reference=employed)

	Unemployed		Retired		Out of LF	
	Odds Ratio	(95% C.I.)	Odds Ratio	(95% C.I.)	Odds Ratio	(95% C.I.)
Ascribed Characteristics						
Race/Ethnicity (ref=white)						
Black	1.99 *	(1.38, 2.87)	1.64 *	(1.21, 2.24)	2.78 *	(1.96, 3.94)
Hispanic	1.62 *	(1.06, 2.49)	0.86	(0.53, 1.40)	1.43	(0.92, 2.20)
Age	1.03	(0.99, 1.08)	1.24 *	(1.19, 1.29)	1.06 *	(1.01, 1.11)
Achieved (Human Capital) Characteristics						
Education						
< HS	1.19	(0.86, 1.64)	0.58 *	(.044, 0.78)	1.29	(0.95, 1.75)
Marital Status (ref=married)						
Divorced	1.73 *	(1.16, 2.58)	1.19	(0.82, 1.71)	2.02 *	(1.38, 2.98)
Widowed	4.08 *	(1.94, 8.60)	1.53	(0.68, 3.44)	2.56 *	(1.11, 5.91)
Nev. Marr.	3.11 *	(1.76, 5.47)	1.42	(0.75, 2.69)	3.96 *	(2.10, 7.45)
Health (ref=no limitation)						
ADL Lim.	4.50 *	(1.57, 12.86)	9.36 *	(4.36, 20.07)	168.87 *	(88.33, 322.87)
Musc. Lim.	1.83 *	(1.09, 3.06)	4.16 *	(2.93, 5.92)	38.06 *	(26.47, 54.72)
Mod. Lim.	1.07	(0.68, 1.69)	1.58 *	(1.13, 2.23)	9.82 *	(6.79, 14.20)
Employment Characteristics						
Occupation						
White Coll.	1.15	(0.81, 1.64)	0.90	(0.70, 1.16)	0.55 *	(0.38, 0.79)

Continues

Table 3a. Determinants of Men's Employment Status in Wave I^a: Odds Ratios and Confidence Intervals (reference=employed)

	Unemployed		Retired		Out of LF	
	Odds Ratio	(95% C.I.)	Odds Ratio	(95% C.I.)	Odds Ratio	(95% C.I.)
Industry (ref=professional)						
Ag/Mining	1.37	(0.85, 2.21)	0.74	(0.49, 1.13)	1.03	(0.62, 1.70)
Man/Trans	1.34	(0.87, 2.08)	1.73 *	(1.30, 2.31)	1.59 *	(1.02, 2.49)
Sales	1.14	(0.70, 1.84)	0.69	(0.46, 1.03)	1.37	(0.83, 2.27)
Pers Serv	0.76	(0.38, 1.51)	0.88	(0.52, 1.48)	1.00	(0.53, 1.89)
Firm Size (ref=large)						
Small	3.59 *	(2.35, 5.48)	3.55 *	(2.66, 4.74)	8.32 *	(5.43, 12.76)
Medium	3.49 *	(2.20, 5.52)	2.13 *	(1.51, 3.00)	5.82 *	(3.36, 9.33)
Missing	0.70	(0.25, 1.95)	0.55	(0.21, 1.44)	0.69	(0.25, 1.97)
Employment Stability						
# tin times laid off	1.27 *	(1.21, 1.33)	0.90 *	(0.82, 1.00)	1.04	(0.96, 1.12)
Savings Characteristics						
Pension	0.91	(0.65, 1.27)	2.34 *	(1.78, 3.09)	1.38	(0.99, 1.92)
Fin. Assets (in 10,000s)	0.99 *	(0.98, 1.00)	1.00	(1.00, 1.00)	0.99	(0.99, 1.00)
Log-L.	-2643.620					
Chi Sq.	1643.51					
N	4364					

* p<.05

^a Refers to respondents with employment experience since 1972, HRS Wave I

The conceptual framework outlined above implies that race, ethnicity, and gender affect labor force participation both independently and through their association with achieved characteristics, which determine the desirability and feasibility of working. Results confirm that significant race/ethnic differences in labor force status remain even net of human capital, health, and employment characteristics. As predicted, these effects differ by sex. Black and Hispanic men are more likely than whites to be unemployed, and black men are also more likely to be retired and out of the labor force relative to employed. Although more likely to be retired than white women, black women do not exhibit the same pattern of labor market disadvantage evinced by their male counterparts. They are neither more likely to be unemployed nor out of the labor force than white women. Hispanic women, on the other hand, are significantly more likely to be both unemployed and out of the labor force than white women with similar socioeconomic and labor market characteristics. Simply stated, employment inequality is greater among men than among women.

Even though black women fare well relative to white women, they could still be disadvantaged relative to white men, who from a theoretical standpoint are another important referent. Additional tabulations (available upon request) from a model testing for interaction effects between race, ethnicity, and gender support this conclusion. Black women, like black men, are significantly more likely than statistically comparable white men to be unemployed, retired, and out of the labor force relative to employed. White women are also more likely to be unemployed than their male counterparts, but these differences fall short of statistical insignificance. Apparently black women's historically high rates of labor force participation does not eliminate their economic marginalization.

Rather, in their later years, black women are only slightly more marginalized than white women.

Table 3 also demonstrates the importance of human capital, health, and labor market characteristics on late-aged labor force activity. Older age is associated with a lower likelihood of employment, reflecting the positive effects of pension and Social Security on retirement. The relationship between education and employment is more complex. In the aggregate, less educated workers are significantly more likely to be unemployed and out of the labor force than better-educated workers. However, these effects diminish after accounting for differences in health and labor market characteristics. This implies that the labor market “push” that many poorly educated workers experience is largely a function of their poor labor market positions and poor health rather than low education *per se*. These findings parallel those by Bound et al. (1995) who find that health and functional status accounted for the lion’s share of the early labor market withdrawal of less educated workers. Moreover, Table 3 shows that mature workers lacking a high school education are less likely to retire than their better educated peers, reflecting their lack of the retirement incentives that “pull” workers out of the labor market, such as pension incentives and retirement savings.

Marital status also impacts late-aged employment, but differently for men and women. Unmarried men, whether divorced, widowed, or never married, are significantly less likely to be employed than their married counterparts, and they experience higher rates of both unemployment and nonparticipation. For women, on the other hand, non-married status is associated with *increased* labor force participation. Divorced women are less likely than married women to be retired and, along with widows, are less likely to

be out of the labor force. These findings are consistent with prior research showing a positive relationship between marriage and well-being that is stronger for men than for women (Lillard & Waite, 1995). For men, marriage seems to perform a protective function, shielding them from job loss. For women, marriage confers financial security that discourages labor force participation. Marital dissolution, either through widowhood or divorce, most likely encourages work out of economic need, thereby precluding retirement and non-participation.

Functional ability is a crucial determinant of labor force participation among the pre-retirement population. For both men and women, having an ADL limitation, serious muscle or mobility limitation, or even moderate muscle or mobility limitation is associated with lower employment. Not surprisingly, physical impairment raises the odds of being out of the labor force (which includes disabled workers) in Wave I. But those with impaired physical function are also more likely to be retired and more likely to be unemployed than their non-impaired counterparts. Hence for older workers in better financial circumstances, failing health could induce early retirement. However, among older workers with less fortuitous economic prospects, functional limitations could precipitate unemployment or labor market withdrawal.

Employment characteristics also influence the likelihood of work activity during the pre-retirement years. Older men and women employed in white collar occupations are significantly less likely to be out of the labor force than those in other occupations. Theoretically there are several reasons why white collar workers remain employed longer than other workers. As Hayward, et al. (1989) suggest, white collar workers enjoy more desirable work environments that could encourage them to delay retirement. More

importantly, white collar work is associated with better health outcomes (due to lower exposure to environmental hazards on the job). Disability is an inherently subjective term that refers to the intersection between health status and job requirements.

Employment settings that are less physically demanding and allow workers to moderate their environment to adjust for physical limitations allow easier employment at any given level of function (Wray, 1996).

As expected, men and women with a history of employment in manufacturing and transportation industries are significantly more likely to be unemployed, retired, and out of the labor force than their counterparts working in professional industries. This finding corresponds to recent trends towards deindustrialization and the concomitant decline in manufacturing employment. Previous research has also shown that economic restructuring pushed many older workers, particularly males, out of the labor market (DeViney & O’Rand, 1988).

Firm size also influences labor force participation in the years proximate to retirement. Employees of small- (less than 100 employees in all locations) or medium-sized (100 to 499 employees) firms experience higher odds of unemployment, non-participation and retirement relative to employment. The finding that small firm size also increases the odds of retirement is somewhat surprising in light of the wider pension coverage offered by large firms. However, *once pension status is controlled*, employees of smaller firms are less able to remain in the labor market, and experience higher odds of retirement as well as non-participation and unemployment. This is likely due to the relationship between productivity, income, and age. While average income rises steadily with age, productivity generally levels off or even declines slightly, making older

workers more expensive to retain than younger workers. Smaller companies are less able or less willing to bear these extra costs, and workers with a history of employment in such firms leave the labor market at younger average ages than their peers at larger firms.

Men and women with prior lay-off experiences have higher odds of unemployment than other workers. Research on the employment prospects of older workers suggests that they are most vulnerable to premature withdrawal from the market (Diamond & Hausman, 1984; Hayward et al., 1998). But a history of employment instability is also associated with lower odds of retirement. Thus, workers with unstable work histories are simultaneously more vulnerable to premature withdrawal (presumably with minimal benefits) and less able to leave employment through retirement (presumably with benefits).

And finally, pension coverage and private savings represent important “pull” factors that affect late-aged labor force participation of both men and women. Pensioned older workers are more likely to be retired than their unpensioned counterparts. Among women, they are also less likely to be unemployed and out of the labor force. Private savings has only a modest influence late-aged employment. Men living in wealthier households are less likely to be unemployed than their less wealthy counterparts.

Labor Market Pathways between the First and Second Waves of the HRS

Table 4 extends the cross-sectional view of the correlates of late-age participation by showing the pathways to and from retirement and labor force withdrawal between Waves I and II of the HRS by race, Hispanic origin, and sex. Inter-wave labor force transitions vary appreciably by initial labor market status. Among respondents employed

in Wave I, racial and ethnic differences are modest. Whites are considerably less likely to become unemployed than their black and Hispanic counterparts, but other differences, particularly between whites and blacks, are slight. However, Hispanic women are more likely than black and white women to become unemployed and exit the labor force across waves.

Table 4. Inter-wave Labor Market Transitions by Race, Hispanic Origin, and Sex ^a

	Employment Status Wave II									
	Men					Women				
	Emp.	Unemp.	Ret.	Out L.F.	N	Emp.	Unemp.	Ret.	Out L.F.	N
Employment Status Wave I										
Employed										
White	85.2	3.3	8.3	3.1	2412	83.5	2.9	7.2	6.4	1953
Black	79.2	7.5	8.8	4.5	375	80.3	4.7	6.9	8.1	507
Hispanic	86.5	6.5	5.2	1.7	230	76.0	7.0	5.3	11.7	171
Unemployed										
White	51.9	19.9	14.5	13.7	131	45.1	12.6	6.3	36.0	111
Black	31.1	33.3	11.1	24.4	45	30.0	12.5	17.5	40.0	40
Hispanic	35.5	35.5	12.9	16.1	31	22.2	37.0	0.0	40.7	27
Retired										
White	12.9	0.7	80.1	6.3	286	10.8	1.8	71.2	16.2	222
Black	14.0	0.0	77.2	8.8	57	9.8	3.9	70.6	15.7	51
Hispanic	5.3	10.5	57.9	26.3	19	^b	^b	^b	^b	10
Out of L.F.										
White	4.7	0.6	27.7	67.1	170	9.7	2.2	13.1	75.0	587
Black	1.2	1.2	20.5	77.1	83	7.4	5.6	10.5	76.5	162
Hispanic	7.5	5.0	12.5	75.0	40	10.8	2.2	8.6	78.5	93

^a Refers to respondents with employment experience since 1972 who remained in survey through Wave II

^b Cell size too small for reliable inference

Source: Authors' calculations from HRS Waves I and II

Among respondents unemployed in Wave I, racial and ethnic differences are more pronounced. White men and women are far more likely to become employed by Wave II, and are far less likely than their black and Hispanic counterparts to remain unemployed. Roughly comparable proportions of all men move from unemployment to retirement, but black women are more likely to do so than white women. Black and Hispanic men and women are also more likely than whites to move from unemployment to non-participation. Further, women are more likely than their male peers to transit from unemployment to nonparticipation. Relatively few respondents retired in Wave I re-enter the labor force by Wave II, with notable differences among racial and ethnic groups. Retired black men are somewhat more likely, and retired Hispanic men less likely, than retired whites to re-enter employment by Wave II. Women are significantly more likely than men to move from retirement to other nonparticipation statuses across waves.

Among respondents who were out of the labor force in Wave I, only a small percentage return to the labor force by Wave II, although women are more likely to do so than men. This could reflect women's younger average age of retirement (and therefore greater period of risk for re-entry), higher labor demand in female-dominated industries, and the greater economic need of unmarried women. Older white workers are considerably more likely to have returned to employment than older black and Hispanic workers. A substantial proportion of respondents out of the labor force in Wave I self-define as retired in Wave II, particularly men. This indicates the presence of discouraged workers who essentially "give up" on finding employment and change their reporting to a more socially acceptable status. In tandem with the significant movement among retired, unemployed, and nonparticipation statuses, this pattern of status change supports

Gibson's (1987) argument that for many older workers, the distinction among these categories is less well defined than acknowledged by labor market analysts.

To delve more deeply into the factors undergirding group differences in pathways out of the labor market, we estimate a multinomial logit model predicting *change* in employment status between Waves I and II. The key question from these analyses is whether minorities and women are at greater risk than whites and men of exiting the labor market via unemployment and non-participation. The first analysis, which conditions on being employed in Wave I, re-estimates the cross-sectional models using the same covariates. Results from our goodness of fit analyses showed that more condensed models better fit the data. Accordingly, we collapsed marital status, functional ability, industry, and firm size into single dummy variables for the remaining analyses.

Results from the model pooled by gender (not reported) show that women employed in Wave I are significantly more likely than men to move out of the labor force across waves. Again, it is difficult to discern whether this represents disadvantage faced by women or whether they are opting out of employment voluntarily and, for whatever reason, defining themselves as homemakers rather than retired. To test for race effects, we estimate models separately by gender, as reported in Table 5. Among respondents employed in Wave I, minority group status exerts a significant effect on change in labor force status even after human capital, health, and employment history characteristics are taken into account. Specifically, black men and Hispanic women are more likely than their white gender counterparts to become unemployed across waves. These findings

confirm that race and ethnicity affect labor force participation directly over and above compositional differences in human capital and prior employment experiences.

Table 5A. Determinants of Inter-wave Employment Status Change: Men Employed in Wave I
(reference=employed)^a

	Unemployed		Retired		Out of LF	
	Odds Ratio	95 % C.I.	Odds Ratio	95 % C.I.	Odds Ratio	95 % C.I.
Ascribed Characteristics						
Race/Ethnicity (ref=white)						
Black	2.14 *	(1.32, 3.46)	1.08	(0.70, 1.65)	1.20	(0.66, 2.16)
Hispanic	1.46	(0.78, 2.71)	0.75	(0.39, 1.42)	0.37	(0.13, 1.05)
Age	0.97	(0.92, 1.04)	1.37 *	(1.31, 1.44)	0.98	(0.92, 1.05)
Achieved (Human Capital) Characteristics						
Education						
< HS	1.04	(0.66, 1.62)	0.83	(0.57, 1.21)	1.00	(0.61, 1.62)
Marital Status						
Married	0.51 *	(0.32, 0.80)	0.77	(0.51, 1.17)	0.36 *	(0.22, 0.59)
Health						
No Lim.	1.27	(0.71, 2.27)	0.71	(0.49, 1.03)	0.26 *	(0.17, 0.40)
Employment Characteristics						
Occupation						
White Coll.	1.21	(0.79, 1.87)	1.08	(0.79, 1.49)	0.49 *	(0.29, 0.83)
Industry						
Professional	0.56 *	(0.32, 0.95)	1.33	(0.97, 1.82)	0.68	(0.36, 1.28)
Firm Size						
Small Large	0.95	(0.61, 1.48)	1.88 *	(1.36, 2.60)	0.65	(0.38, 1.10)
Employment Stability						
# times laid off	1.18 *	(1.09, 1.27)	1.00	(0.89, 1.11)	1.04	(0.93, 1.17)
Savings Characteristics						
Pension	0.73	(0.47, 1.13)	1.08	(0.77, 1.51)	0.58 *	(0.35, 0.96)
Fin. Assets (in thousands)	0.99 *	(0.97, 1.00)	1.00	(1.00, 1.00)	1.00	(0.99, 1.00)
Log-L.	-1581.750					
Chi Sq.	373.24					
N	2631					

* p<.05

^a Refers to respondents with employment experience since 1972 who remained in survey through Wave II

**Table 5B. Determinants of Inter-wave Employment Status Change:
Women Employed in Wave I
(reference=employed)^a**

	Unemployed		Retired		Out of LF	
	Odds Ratio	95 % C.I.	Odds Ratio	95 % C.I.	Odds Ratio	95 % C.I.
Ascribed Characteristics						
Race/Ethnicity (ref=white)						
Black	1.60	(0.93, 2.75)	1.31	(0.85, 2.03)	1.11	(0.74, 1.68)
Hispanic	2.41 *	(1.21, 4.82)	1.11	(0.53, 2.32)	1.37	(0.79, 2.37)
Age	1.04	(0.98, 1.12)	1.35 *	(1.27, 1.42)	1.03	(0.98, 1.08)
Achieved (Human Capital) Characteristics						
Education						
< HS	0.87	(0.50, 1.51)	0.80	(0.50, 1.28)	1.41	(0.97, 2.05)
Marital Status						
Married	0.78	(0.50, 1.22)	1.48 *	(1.03, 2.12)	1.18	(0.84, 1.67)
Health						
No Lim.	0.95	(0.59, 1.53)	0.67 *	(0.48, 0.94)	0.70 *	(0.50, 0.97)
Employment Characteristics						
Occupation						
White Coll.	1.00	(0.59, 1.68)	1.20	(0.78, 1.82)	0.66 *	(0.46, 0.96)
Industry						
Professional	0.67	(0.42, 1.06)	1.19	(0.85, 1.68)	0.75	(0.54, 1.06)
Firm Size						
Small Large	1.43	(0.89, 2.30)	1.20	(0.84, 1.69)	0.82	(0.57, 1.18)
Employment Stability						
# times laid off	1.12	(0.99, 1.28)	0.94	(0.79, 1.13)	1.05	(0.94, 1.17)
Savings Characteristics						
Pension	0.50 *	(0.30, 0.82)	1.38	(0.95, 2.01)	0.37 *	(0.25, 0.55)
Fin. Assets (in thousands)	1.00	(0.99, 1.01)	1.00 *	(1.00, 1.01)	1.00	(1.00, 1.00)
Log-L.	-1568.080					
Chi Sq.	288					
N	2631					

* p<.05

^a Refers to respondents with employment experience since 1972 who remained in survey through Wave II

The effects of education, marital status, and health status on *change* in labor force status conditional on being employed in Wave I closely parallel those reported for the cross-sectional analysis. For both men and women, the likelihood of retirement rises with age. Among respondents employed in Wave I, having a high school diploma does not significantly predict inter-wave change in labor force status. Marital status influences the labor force behavior of older men, with unmarried men more likely to become unemployed or withdraw from the labor force across waves. Unmarried women, on the other hand, are less likely to retire than married women. These results buttress the conclusions drawn earlier from Table 3. Health status influences transitions from employment to nonparticipation (including disability) across waves. For both sexes, lacking a functional limitation decreases the odds of labor force exit, and for women decreases the odds of retirement.

Several employment characteristics also significantly influence labor force pathways for employed older workers. For both men and women, white collar workers are less likely to move out of the labor force and those in professional industries are less likely to become unemployed than other workers. Among men, employees of large firms are significantly more likely to retire while those with prior lay-off experience are more likely to become unemployed across waves. Pension coverage lowers the likelihood that employed older workers will become unemployed or withdraw from the labor force across waves, and household savings decrease the likelihood of men's unemployment while increasing the likelihood of women's retirement.

Taken together, the preceding analyses demonstrate that minorities are both more likely to be unemployed and out of the labor force in the cross-section *and* also more

likely to become unemployed over time. The logical next question is whether minority unemployed are able to find employment with time, or whether they become discouraged and exit the labor force entirely. Table 6 reports the odds ratios and 95 percent confidence intervals of multinomial logit models predicting change in employment status conditional on being unemployed in Wave I. Small sample size precludes the separate estimation of this model by gender, or a test for the interaction between race, ethnicity, and gender. In fact, results from our goodness of fit analyses indicate that the employment history characteristics do not add significantly to the overall fit of the model, and are therefore excluded.

**Table 6. Determinants of Inter-wave Employment Status Change:
Men & Women Employed in Wave I
(reference=employed) ^a**

	Unemployed		Retired		Out of LF	
	Odds Ratio	95 % C.I.	Odds Ratio	95 % C.I.	Odds Ratio	95 % C.I.
Ascribed Characteristics						
Race/Ethnicity (ref=white)						
Black	1.59	(0.78, 3.270)	2.21	(0.91, 5.40)	2.08 *	(1.05, 4.12)
Hispanic	2.76 *	(1.26, 6.08)	1.25	(0.34, 4.56)	1.33	(0.59, 3.03)
Male	1.34	(0.74, 2.43)	1.57	(0.72, 3.43)	0.43 *	(0.25, 0.76)
Age	1.01	(0.92, 1.11)	1.37 *	(1.20, 1.56)	1.04	(0.96, 1.14)
Achieved (Human Capital) Characteristics						
Education						
< HS	1.57	(0.86, 2.86)	0.87	(0.38, 2.00)	1.94 *	(1.10, 3.43)
Marital Status						
Married	0.60	(0.32, 1.10)	0.61	(0.28, 1.33)	1.04	(0.58, 1.89)
Health						
No Lim.	1.89	(0.90, 3.95)	0.75	(0.33, 1.72)	0.32 *	(0.18, 0.57)
Savings Characteristics						
Pension	0.92	(0.50, 1.67)	1.73	(0.82, 3.65)	0.60	(0.34, 1.08)
Fin. Assets (in 10,000s)	0.95	(0.91, 1.00)	1.01	(1.00, 1.03)	1.01	(1.0, 1.02)
Log-L.	-432.6					
Chi Sq.	124.5					
N	385					

* p<.05

^a Refers to respondents with employment experience since 1972 who remained in survey through Wave II

Empirical estimates show significant race and ethnic effects on pathways from unemployment. Blacks are more likely than whites to exit unemployment by withdrawing from the labor force, and Hispanics are more likely to remain unemployed relative to becoming employed. Once again, these findings underscore the salience of race and ethnicity in structuring pathways out of the labor market. Men and women who were unemployed in Wave I experience similar odds of finding employment or retiring between waves, but women are significantly more likely than men to exit the labor force as a response to unemployment. This is a strong indicator that women's tendency to be out of the labor force in Wave I and to transit from employment to nonparticipation in Wave II has an important involuntary component. One interpretation is that older women, like older racial and ethnic minorities, are disadvantaged relative to senior white men in their employment prospects.

Older unemployed persons are also more likely to retire as a response to unemployment. Mature unemployed workers with low levels of education are also more likely to move from unemployment out of the labor market over time, as are those in poor health. The latter finding corroborate work by Diamond and Hausman (1984) showing that unemployment frequently eventuates in permanent labor force withdrawal among those in poor health.

Overall, these results confirm that blacks and Hispanics, but particularly the latter, are disadvantaged relative to whites in their ability to maintain labor force attachment leading up to retirement age. That blacks are more likely to pass from unemployment to out of the labor force supports work by Boaz, Gibson, and others demonstrating that employment instability in the years immediately proximate to retirement can lead to

permanent labor force withdrawal, and that this pathway out of employment is more salient for blacks than for other groups. The income consequences of premature labor market withdrawal, especially in the absence of adequate pension supports, point to larger race and ethnic economic inequality in the future as greater numbers of minorities reach retirement ages.

Conclusions

Black and Hispanic older workers are more vulnerable than whites to involuntary job loss in the pre-retirement years. They are more likely to exit the labor force through pathways other than retirement, exhibiting higher rates of unemployment and non-participation in the cross-section and greater movement into unemployment over time. Once unemployed, they are less likely to become re-employed and more likely either to experience protracted unemployment or to exit the labor force altogether.

As predicted, our results show significant interaction between race/ethnicity and sex in structuring labor market activity during the pre-retirement years. Prior studies hint at, but do not empirically document this interaction. Race differences in employment status are greater among older men than older women, largely because black women fare better with respect to white women than do black men compared to white men (Reimers, 1985). This is not to say, however, that black women are not disadvantaged relative to white men. On the contrary, both black and white women exhibit higher rates of unemployment and non-participation than white men.

Often neglected in studies of labor force withdrawal, Hispanics are similar to blacks in their patterns of labor market exit. Hispanic men and women exhibit rates of

unemployment comparable to those of blacks, and among women, Hispanics stand out as having particularly disadvantaged labor market characteristics. It is clear that more attention should be paid to this group of older workers, who are likely to face mounting labor market difficulties as greater numbers reach pre-retirement ages, and as education and skill continue to be important determinants of employment prospects throughout the life course.

The position of women in the pre-retirement labor force is more difficult to discern. While more likely to be out of the labor force and to move out of the labor force over time, they do not experience higher rates of unemployment or lower rates of retirement than comparable men. The subjective nature of retirement, homemaker, and disabled statuses, particularly for women, makes addressing this issue very difficult. That women are more likely than men to respond to unemployment by moving out of the labor force suggest labor market adversity, but this is clearly an arena where further research is warranted, especially studies that follow female workers over a longer period of their pre-retirement years.

That racial, ethnic, and gender disparities in employment remain even net of human capital and employment history characteristics testifies to the powerful influence of ascribed characteristics on labor force behavior throughout the life course. At a minimum, these findings support a status maintenance perspective on aging inequality. Groups that experience labor market difficulties during prime-aged working years are also subject to job dislocation and involuntary pathways out of the labor market as they approach retirement age. These findings are also consistent with the notion of “cumulative disadvantage” which implies that labor market adversity is perpetuated and

magnified over the life course (Crystal & Shea, 1990; Crystal et al., 1992). This implies that as greater numbers of disadvantaged minority workers age, economic inequality among seniors is likely to increase. Pre-retirement labor force activity is embedded in earlier work experiences, which warrants both ameliorative and preventive measures for groups that experienced labor market disadvantages during their prime working years.

Human capital, health, and employment characteristics are clearly important determinants of labor force withdrawal. Education and white collar employment buffer workers from involuntary forms of labor force exit, as do pension coverage and employment in professional industries and large firms. The industry and firm size effects highlight the importance of demand-side issues in structuring the process of labor market withdrawal. And the significant incidence of involuntary pathways out of employment highlight the need to consider “push” factors when discussing retirement decisions, particularly for minorities.

Movement between retirement and nonparticipation highlights the ambiguous meaning of retirement for a significant subset of older workers, particularly women and minorities. For these workers, retirement is not a single, irreversible event that represents the culmination of career employment, but rather a transition from employment to unemployment, retirement, or nonparticipation that may be temporary. This blurred boundary between work and non-work is a reflection of life-long employment instability, and seems to correspond to Gibson’s “unretired retired” (1987).

Overall, our findings have important implications for the future wellbeing of elderly minorities and women, groups motivated to bolster low retirement income and savings through prolonged labor force participation. Combined with secular trends

towards independent living among elderly persons, the inability of many seniors to prolong market activity implies that large segments of the minority and unmarried female elderly populations will continue to confront serious risk of poverty in old age. That minority representation among elderly persons is growing rapidly implies a mounting challenge to providing for the economic security of the elderly as a whole.

Finally, with rising concern over the future solvency of Social Security, many scholars and public policy planners advocate measures to combat trends towards declining labor force participation among elderly persons. These measures are primarily aimed at changing the incentive structure of Social Security to make early retirement less attractive, and to encourage labor force participation beyond what is currently the “normal” retirement age. Because such policies emphasize labor supply rather than labor demand, they neglect potentially adverse impacts on the economic wellbeing of elderly low-skill and minority workers, for whom the labor market often represents an inhospitable environment.

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Please direct correspondence to Marta Tienda at

Office of Population Research
Princeton University
21 Prospect Avenue
Princeton, NJ 08544-2091
Email: Tienda@opr.princeton.edu

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