The Effect of Health on Late-Life Labor Force Participation by Gender and Spousal Health

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[Abstract]

The purpose of this study was to examine the effect of health on labor force participation of older adults by gender and spousal health. Using the U.S. data from the 2002 Health and Retirement Study (n=11,004), logistic regression analyses were carried out with the dependent variable of work for pay. Variables in the model include an objective measure of health, two-way health interaction terms, three-way interaction terms of health, marital status with spousal health and gender, along with demographic variables. Results indicated that, in general, poor health was associated with lower odds of labor force participation. Considering significant two-way and three-way interaction terms, findings implied that for any education level, married men were more likely to leave the labor force than single men when their health got poor, while the opposite was true for women. When men were in very poor health, neither the marital status nor the wife’s health seemed to distinguish the likelihood of working amongst men; whereas, when women were in very poor health, married women’s labor force participation differed depending on the husband’s health. The possible reasons for these differences and policy implications are discussed.

Key Words: Labor force participation, older adults, health, spousal health, marital status, and gender

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1. Introduction

Although the effect of health on labor force participation is a fairly well-studied area (Bound, Schoenbaum, Stinebrickner, & Waidmann, 1999; Dwyer & Mitchell, 1999; Hayward & Gardy, 1990; McNamara & Williamson, 2004; Park, Cho, & Jang, 2012; Parnes & Sommers, 1994; Parsons, 1980; Rust, 1989; Sammartino, 1987; van den Berg, Schuring, Avendano, Mackenbach, & Burdorf, 2010; van Gameren, 2008), factors influencing the health effect on labor force participation for older adults is understudied. According to the life-course perspectives of linked-lives (Elder, 1995), the work decision would be based not only on one’s individual characteristics but also on characteristics of his/her family, implying that the effect of health on labor force participation may change based on factors pertaining to family characteristics. The study departs from this perspective and explores the health effect on labor force participation of older adults in the U.S. and factors influencing the health effect.

Before the 1960’s, there was not much variation across individuals in the age at which they retired in the U.S. (Kohli & Rein, 1991). One main reason that withdrawing from the labor force became closely associated with a chronological age was the enactment of the Social Security Act of 1935. The Act institutionalized a “normal” retirement age, and an increasing number of workers chose to retire at the age that they could start to receive Social Security benefits (Guillemard & Rein, 1993). Since the 1960’s, however, policy changes, such as the introduction of early retirement benefits and the elimination of most mandatory retirement provisions, coupled with the increase in life expectancy, led workers to choose to retire earlier or to choose to remain in the labor force past the typical age of retirement (Han & Moen, 1999; Williamson & McNamara, 2003). A diversification in “retirement” emerged, and terms such as “partial retirement”, “phased retirement” (working for fewer hours with the same employer (Chen & Scott, 2006)), a “bridge job” (employment with a new employer or in a new occupation after ending a life-long career (Cahill, Giandrea, & Quinn, 2006)), “reversing retirement” (Quinn, Burkhauser, & Myers, 1990), and “reentry” (Hayward, Hardy, & Liu, 1994) have