

decreases with advancing age. The age distribution of faculty, by institution, was not available to me. Hence, academic rank was used to approximate the value of this variable. Academic rank was also used as a surrogate for the length of service of faculty. If age and seniority do vary systematically with rank, the deflation process will eliminate their effects on relative separation rates. However, we would like to eliminate only the effect of age—for, only by varying the length of covered service can we bring to the surface the differential effects on voluntary separation rates of vested and nonvested pension plans.

A one step computation was used that allowed the length of service to vary, and at the same time allowed for the correction of the effects of other factors by the deflation of the average separation rate of one academic rank of faculty by the rate in another rank in the same institution. To accomplish both ends, three ratios of average separation rates for each IHE were computed: full professor/associate professor, full professor/assistant professor, and full professor/instructor.¹⁰ Since the denominators represent fewer years of covered service than the numerators, the values of each of these ratios should be less than unity; and in each of the 437 IHE studied, the ratios were less than one. Furthermore, the ratios were arranged with decreasing covered service in the denominators; therefore, the values of the ratios should decrease and, indeed, they did.

The test of the hypothesis that nonvested pension systems reduce the voluntary separation rates of university professors may now be made by comparing, for given lengths of service, voluntary separation rates in vested and nonvested IHE. If the vested ratios are larger than the nonvested, the hypothesis is supported; if smaller, the hypothesis is rejected.

TABLE 2.—VOLUNTARY SEPARATION RATES, ACCORDING TO LENGTH OF COVERED SERVICE, IN VESTED AND NONVESTED INSTITUTIONS OF HIGHER EDUCATION, 1959

Relative covered service ¹	Vested	Nonvested	Ratio of vested to nonvested
	(1)	(2)	(3)
Professor or associate professor.....	0.311	0.526	0.591
Professor or assistant professor.....	.272	.273	.996
Professor or instructor.....	.135	.156	.865

¹ As measured by academic rank.

As is shown in table 2, the ratios of separation rates in nonvested IHE exceed those in vested IHE in each of the three measures of covered service.¹¹ Thus, the hypothesis appears to be rejected, and it must be concluded that, for the higher education industry as a whole, nonvested pension systems do not hinder mobility. As indicated in the introductory section, this is the same conclusion reached by Ross after studying quit rates in American manufacturing industries.

¹⁰ The ratios involving instructor and assistant professor are probably less reliable than those involving associate professor. For, in the lower ranks, it is not always easy to distinguish between a voluntary and an involuntary separation. Say you are an assistant professor and you know that you will not receive tenure when this decision is made next year; therefore, you resign this year. This separation would probably be recorded as voluntary. Thus, there is some overstatement of voluntary separation rates at the lower ranks.

¹¹ The sample of IHE underlying table 2 consists of 339 colleges and 98 universities; i.e., all of the IHE that supplied separation rates except 88 IHE with deferred vesting or vested pension systems adopted after 1951.