Summary and Conclusions

We have reopened the question, raised by Ross and others, of whether nonvested pension plans deter voluntary employee movement. The higher education industry was studied because it was unique among manufacturing and nonmanufacturing industries in that there was an almost equal division of firms having vested and nonvested pension plans; thus, it was possible to make a cross-section analysis of the effect of vesting on mobility.

The cross-section analysis of the voluntary separation rates of IHE showed that, for the higher education industry as a whole, mobility was as large in nonvested IHE as it was in vested IHE. This finding supported Ross' conclusions that labor resources have not become immobilized because of the increased use of pensions and other nonwage benefits.[19]

When, however, the higher education industry was subdivided into its "college" and "university" components, we found that the voluntary movement of university faculty was affected by the extent to which their pension plans were vested, while the movement of college faculty was not affected by vesting. The insensitivity of college faculty, and the sensitivity of university faculty to equity losses from movement under nonvested pension systems found further support in the analysis of average faculty salaries, particularly the relatively low salary of the "locked in" full professor at a nonvested university, and in the analysis of salary dispersion. We suggested that the differential behavior of faculty could be explained, at least in part, by differences in research potential. We also speculated that those faculty who had a large investment in research training would also have a high propensity to be mobile, and would choose a "university" career; a low propensity for mobility is likely to be associated with a smaller investment in research training and faculty in this grouping would choose a "college" career.

Further subdivision of the data showed that (*a*) faculty in privately controlled IHE were more sensitive to vesting than faculty in publicly controlled IHE, and (*b*) faculty in nonsouthern IHE were more sensitive to vesting than faculty in southern IHE. Again, we speculated that faculty who anticipated gains from being mobile would choose employment in privately controlled nonsouthern IHE.

In summary, it seems that faculty, in the aggregate, are not very different from industrial workers, in the aggregate, with respect to the decision to resign from their job; neither group seems to allow their mobility decisions to be influenced by losses in pension plan equities. This study also shows, however, that the aggregate data may conceal the differential effects that nonvested pension systems may have on the mobility of particular groups of employees. For example, university faculty are affected by the vesting of pension plans. It may be suggested that, if the aggregate data on industrial workers were subdivided by occupation, similar differential effects would be observed.

[19] For a similar conclusion based on an attitude survey of male production workers in two Columbus, Ohio, firms, one with and one without a pension plan, see H. S. Parnes, "Workers' Attitudes to Job Changing: The Effect of Private Pension Plans," in Gladys L. Palmer et al., "The Reluctant Job Changer," Philadelphia, 1962.