



ARC/NHMRC Research
Network in Ageing Well

Workforce Ageing: Research Questions, by Elisabetta Magnani, UNSW



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1. Workforce Ageing, Technology, Skill and the Restructuring of the Firm

Technological change (TC) and the consequent productivity gain are part of the policy response to the rising dependency ratios in many OECD countries. However, technological change, particularly the “surprise” component of TC, is also an important determinant of retirement,. Thus TC can affect the way societies are capable of sustaining workforce ageing in two possible ways: one positive and one negative. What is the net effect of this? Addressing such broad issues requires attention to the following research agenda:

1A. Workforce aging and skill obsolescence: Are older workers sufficiently trained in the face of technological and organizational changes? An important stylised fact motivates this research. It is well known that older workers are at a relative disadvantage in terms of accessing formal types of training in the workplace (OECD, 1998; Magnani, 2006).

1B. Technological change and the wage structure Wages can impact on mobility, retirement and work satisfaction. How does Technological Change affect the structure of wages, particularly the returns to experience? The literature on the impact of TC on the returns to experience shows a great deal of heterogeneity across firms and industries.

1C. Workforce aging and the resulting firm level technology change. We must pay attention to the possibility of reverse causation, where firm level TC is determined via a complex consideration of workforce attitudes and skills.

2. Labour Market Satisfaction: Significance for an Ageing Workforce

What employment conditions and firm practices are most successful in increasing the participation rate of people over 55? The following issues are particularly relevant:

2A. Substantial gaps between current and preferred length of working time, especially among male workers, exist and are widespread. ILO (2004) illustrates the distribution of hours constraints in the EU.

2B. Hours constraints trigger mobility. The evidence supporting this statement is abundant and compelling. The impact of hours constraints on workers' separation propensity varies with some clearly defined individual specific covariates, particularly age (Ruhm, 1990; Euwals, 2001). Hours constraints are significant determinants of leaving the labour market and particularly for older workers.

2C. Hours constraints trigger older workers' exit from the labour force. The labour market is often asserted to be characterized by rigidities that make it difficult for older workers to carry out their desired trajectories from work to retirement.

2D. A worker's propensity to quit negatively impacts upon his/her training opportunities. Booth et al., (2002) show evidence that older workers are at particular disadvantage as there is a strong positive and statistically significant correlation between training and the expected pay-back period (Bassanini et al., 2005).

3. Global Ageing: Skill Shortage, Immigration and the Creation of Skill

The United Nations has identified global ageing as one of the top socio-economic issues facing the world community in the 21st century. Migration of the younger, possibly more skilled family members has traditionally brought relief to the pressing economic needs of households in low and middle income countries. However, the selective migration of skilled labour to work in specific sectors of the labour market (e.g. the health and social care sector) has fuelled concerns that creaming the most skilled personnel from low and middle income countries will exacerbate future problems they may face in building their economies. Understanding the impact of ageing on migration determinants and patterns in the Asia-Pacific region is of paramount importance for a country like Australia. Such an investigation is likely to provide a fuller understanding of the implication of the global nature of population ageing and necessary guidance towards adequate migration and education policies for the years to come.

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