

Study eyes worker mobility impact on economy

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A new economic model developed at Western calculates the cost of reallocating working-age Canadians (20-64 years old) from one industry to another and shows that an unwillingness by many to relocate or change careers hurts the economy and leads to high unemployment regionally and nationally.

The study, led by Economics professors Simona Cociuba and James MacGee, rings a deafening warning bell at a time when Canada's [manufacturing sector](#) is shrinking and service industries are on the rise.

"Older workers are unwilling to move across industries in search of job opportunities," said Cociuba, a macroeconomics expert. "They are often raising families and have roots in the place they live. For many, re-training for new skills is time-consuming and costly."

Cociuba and MacGee developed a novel [economic model](#) that uses [worker](#) characteristics – including age, skills and willingness to move – to calculate how costly it is to reallocate workers from one industry to another. Since young workers (20-34 years old) typically lack industry-specific skills, they are more willing to move industries. This means that economies with a larger share of young workers are more dynamic and find it easier to respond to changes in regional [industry](#) employment.

"Discussions regarding the mobility of workers and unemployment are important in the face of aging populations," Cociuba said.

This is particularly relevant because Canadians are having fewer children, which means fewer young workers will be entering the workforce in the near future. Seniors already outnumber the young in Canada and this gap is expected to continue growing.

Cociuba has two suggestions to help mitigate the adverse effects of an aging population: provide incentives to encourage people to move to areas where industries are growing and create policies to attract young, skilled working immigrants willing to move.

Provided by University of Western Ontario

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