

# ► Intergenerational employment dynamics and labour market resilience in Asia and the Pacific

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## Demographic transition: Where does it matter?

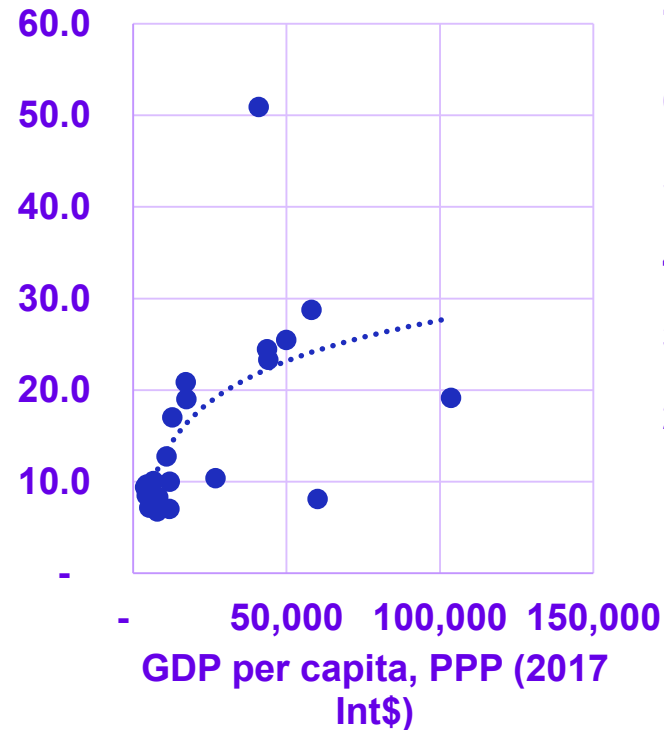
### Old age (55+) dependency ratio

Mildly related to higher per capita income

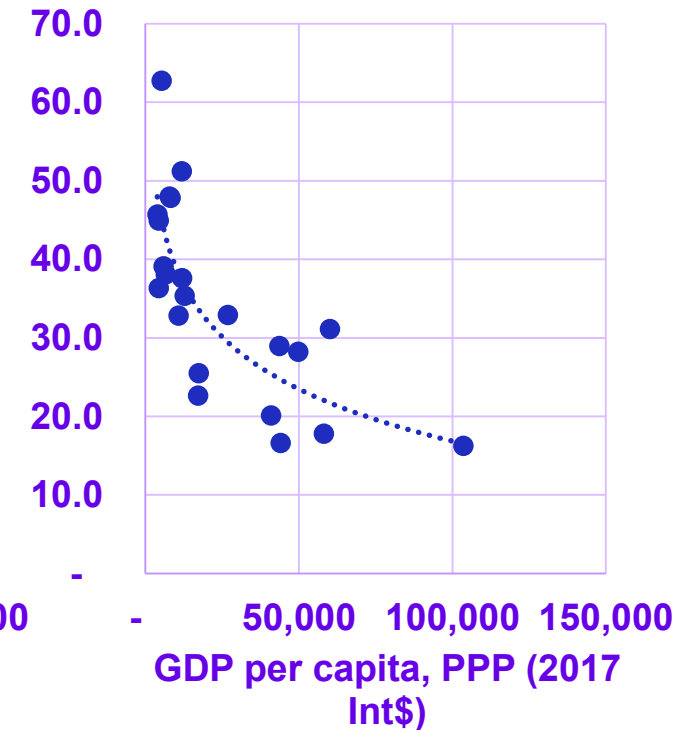
### Children's (<15) dependency ratio

More systematically affects countries with lower per capita income

Old age dependency ratio  
(early 2020s)

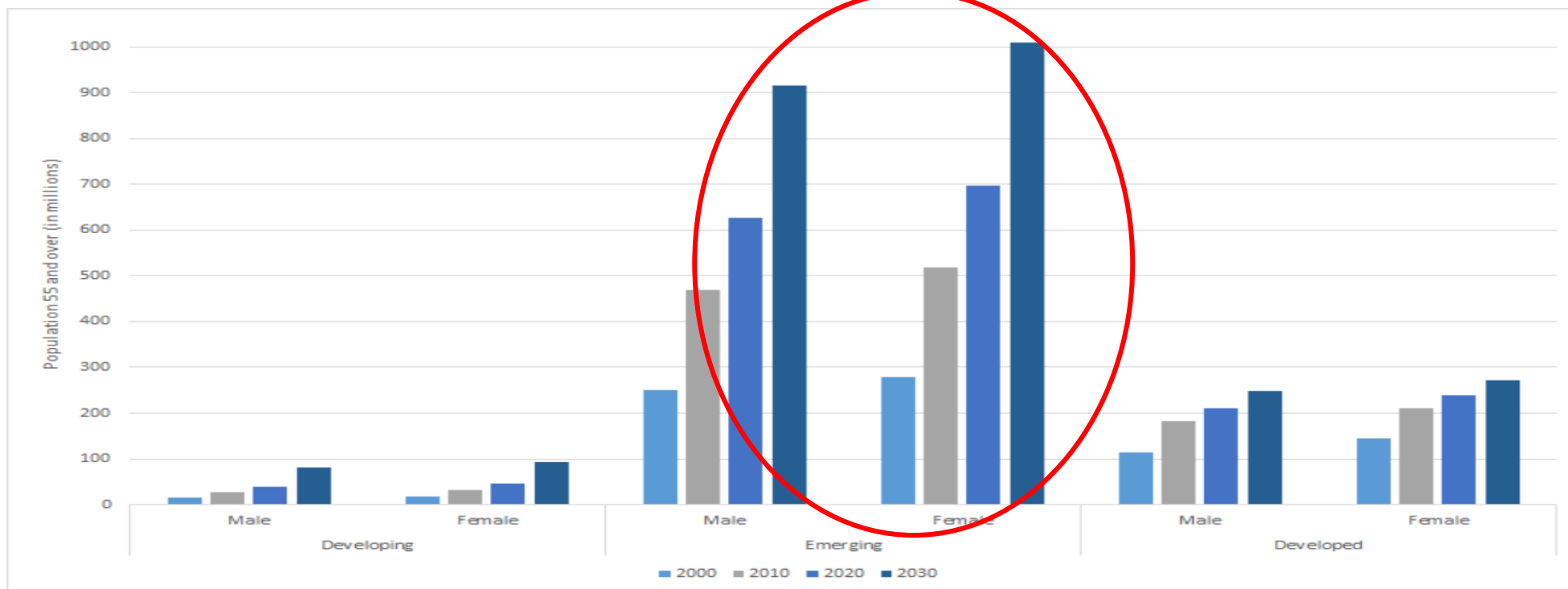


Children's dependency ratio  
(early 2020s)



## Demographic transition: Where might it matter?

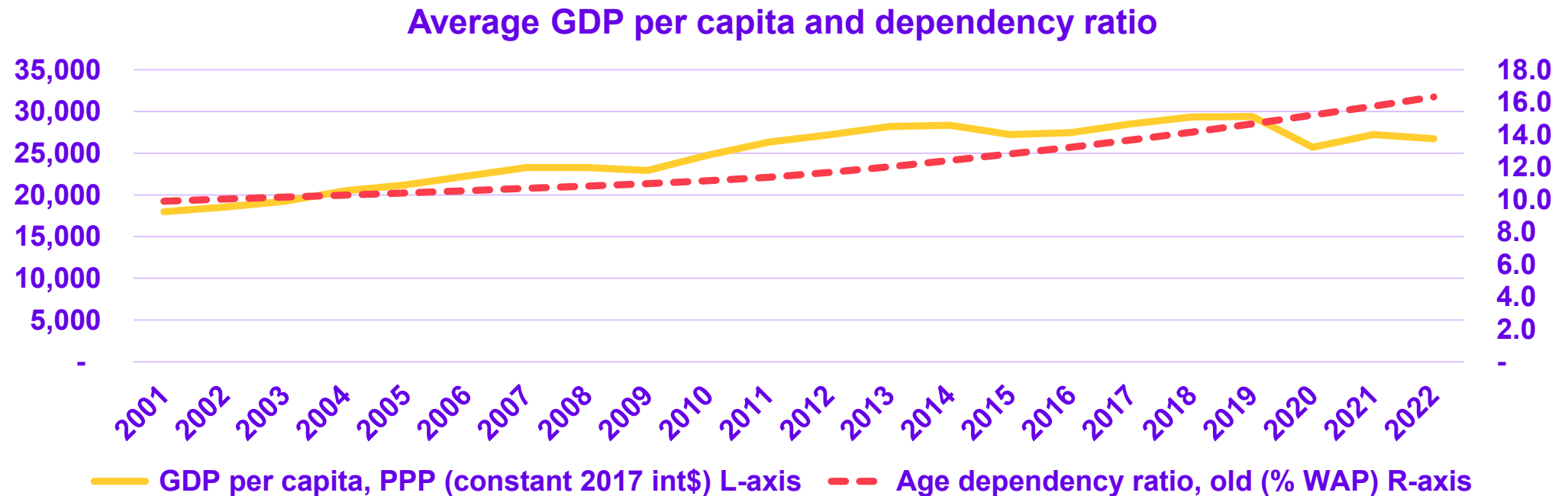
### Population aged 55 years and over (in millions) by sex and income group, 2000-30



Source: ILO (2020) "Population ageing and labour force trends among older age cohorts". Available at: <https://www.ilo.org/static/english/intserv/working-papers/wp005/index.html>

## Demographic transition: Where might it matter?

### 'Ageing before getting rich'?



Note: Selected countries from Asia and the Pacific.  
Source: World Bank, World Development Indicators.

## Demographic transition: What are the issues?

### Old age (55+) dependency ratio

Coexists with fairly high **youth unemployment rates**

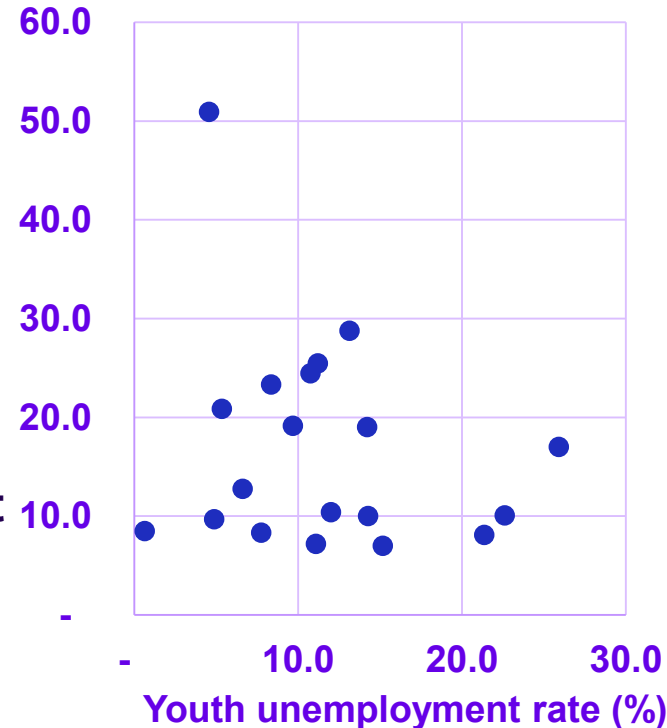
- ▶ Even when replacement demand of retired workers should contribute to better youth employment prospects

### Children's (<15) dependency ratio

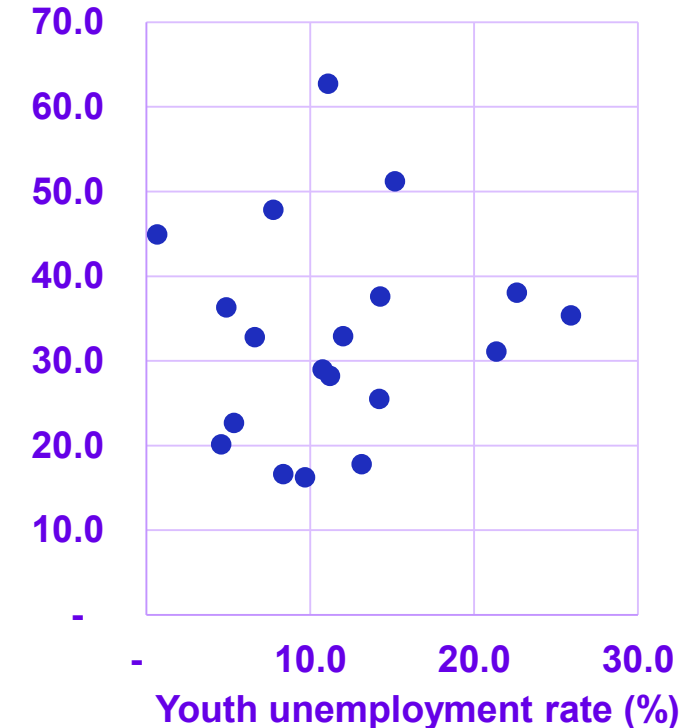
Also coexists with fairly high **youth unemployment rates**

- ▶ Signals uncertain prospects for labour market entry

Old age dependency ratio  
(early 2020s)

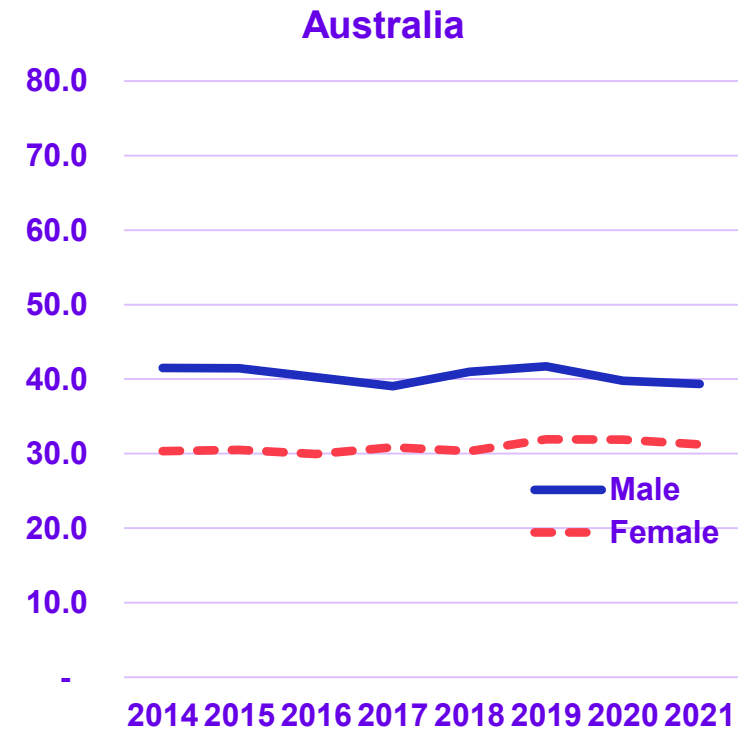
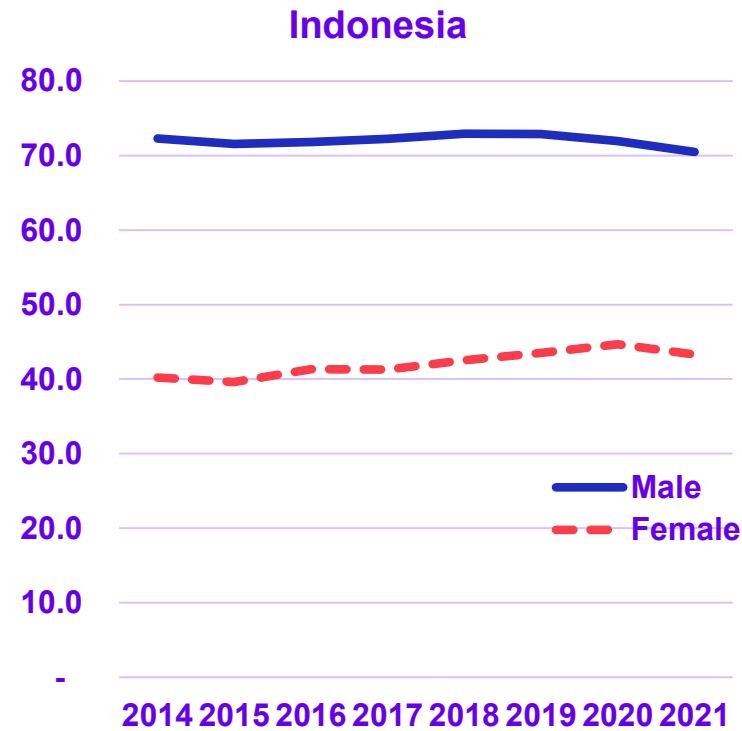
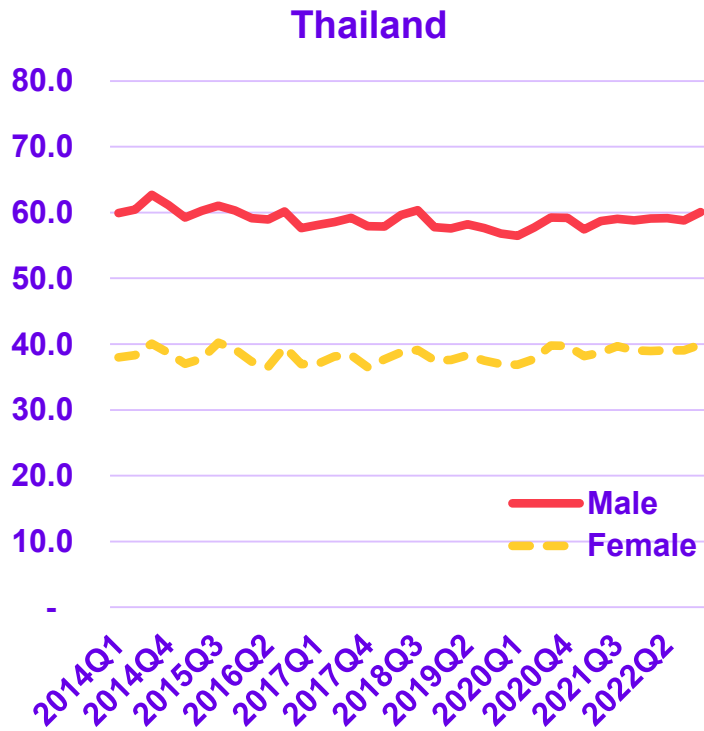


Children's dependency ratio  
(early 2020s)



## Demographic transition: What are the issues?

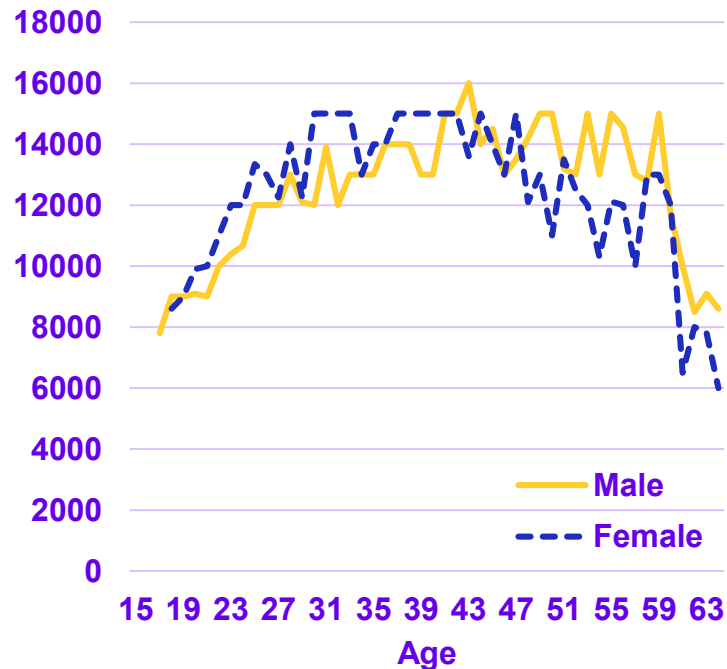
Active ageing or poverty in old age? Fairly steady LFPR (%) of older (55+) population in the last decade



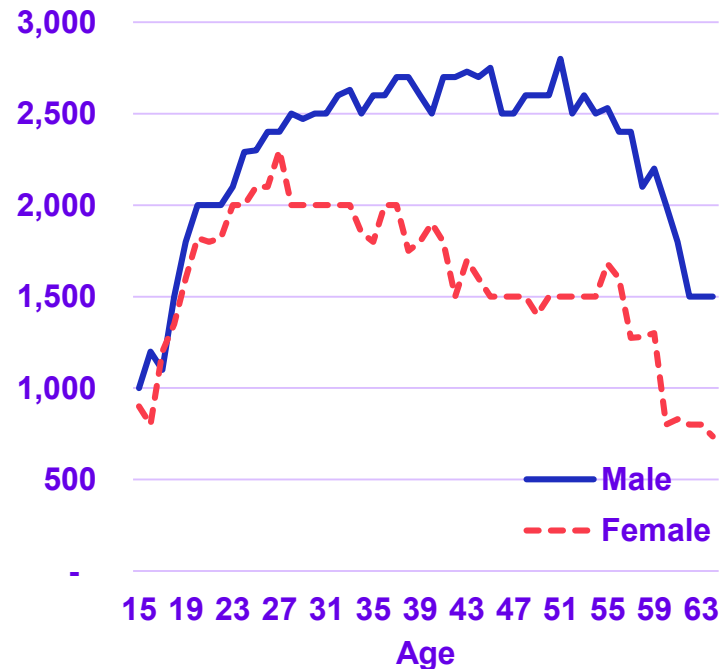
## Demographic transition: What are the issues?

### Active ageing or poverty in old age?

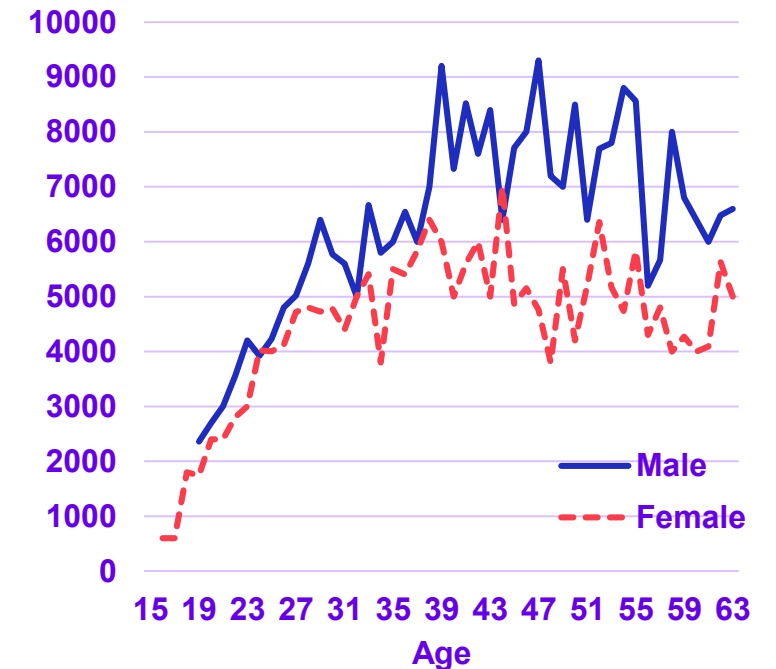
Median wage income (THB),  
2022Q3



Median wage income (IDR 000s),  
2022Q3



Median wage income (AUS\$),  
2021

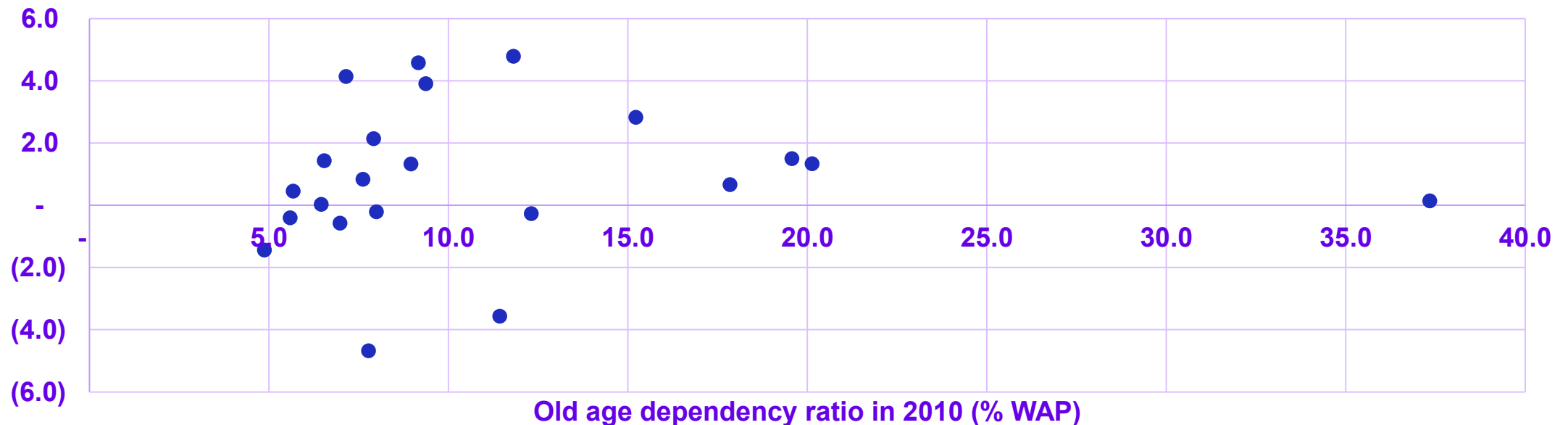


## Demographic transition: When would it matter?

### Growth in labour productivity fast enough?

To better support dependent population with proportionately less workers

Growth in output per population 15-64 years old (early 2020s, %)

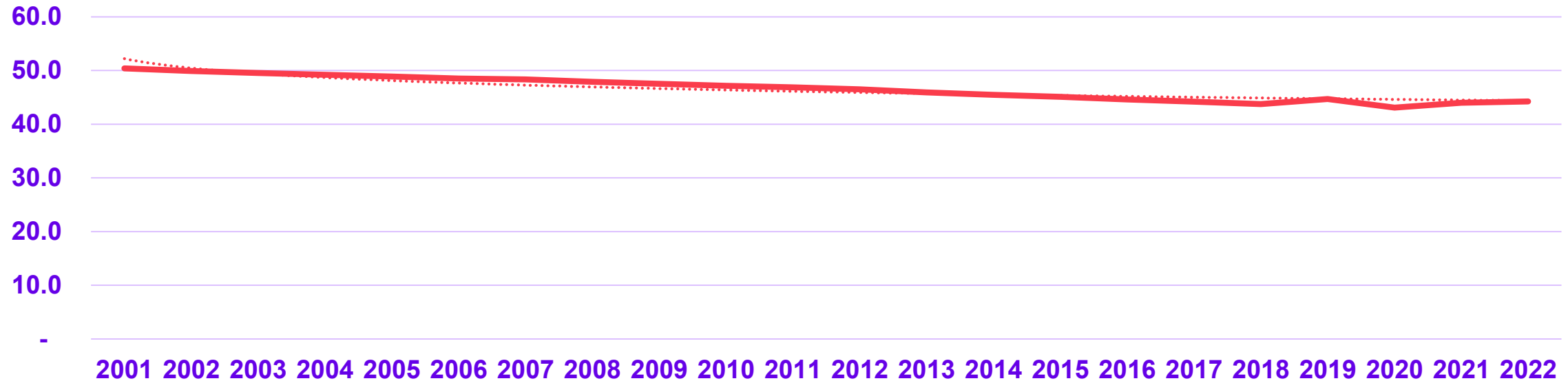




## Demographic transition: when would it matter?

Underdeveloped care economy, limiting participation of (mostly, but not only) women in the labour market

LFPR (%), women 15+, Asia & the Pacific

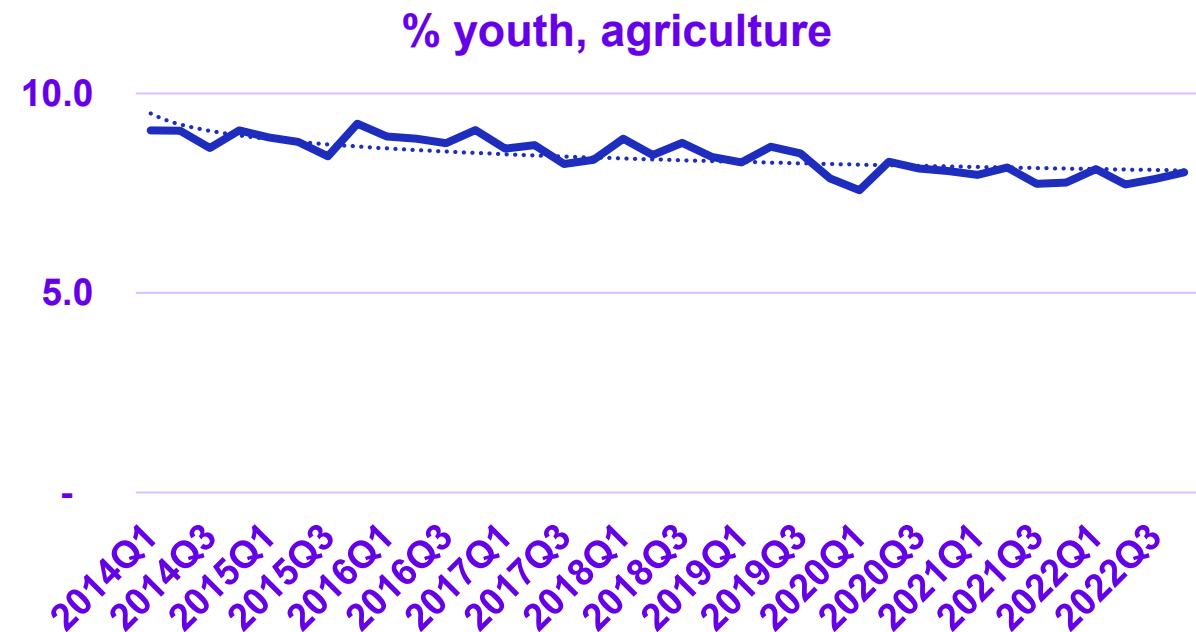
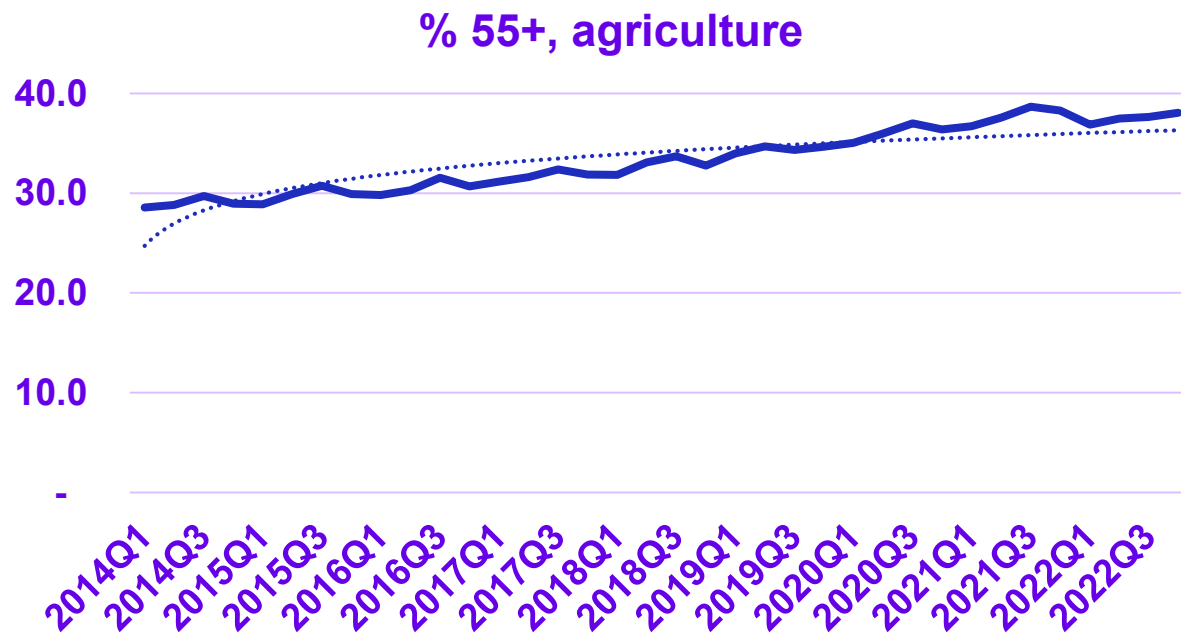


Source: ILO STATISTICS, regional estimate

## Demographic transition: How would it matter?

**Additional factor necessitating structural change in the economy and the labour market**

Ageing in agriculture.....



## ▶ Demographic transition: How would it matter

### Additional factor necessitating structural change in the economy and the labour market

Improving labour productivity would necessitate new **technology** or new technique of production

- ▶ Can be difficult for older population to adjust
- ▶ Youth might not have sufficient opportunities to acquire new or required skills fast enough

Improving labour productivity would necessitate better **health** and OSH

Improving labour productivity would necessitate employment adjustment toward more **productive sectors**

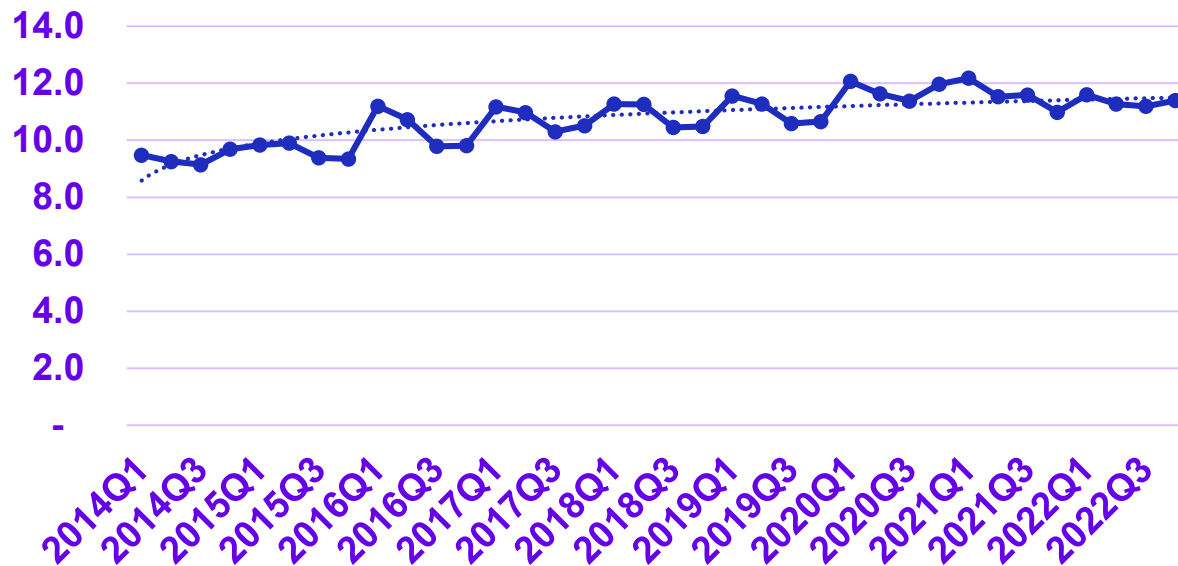
- ▶ Young people not necessarily engaging more in potentially productive sectors (e.g. manufacturing)

## Demographic transition: How would it matter?

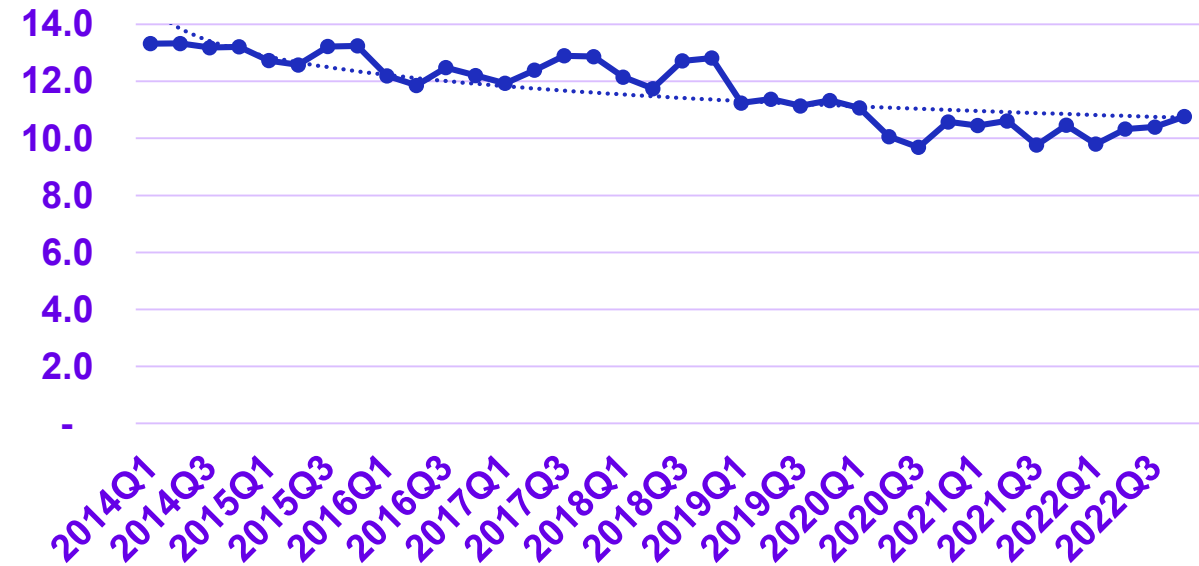
**Additional factor necessitating structural change in the economy and the labour market**

Declining share of youth in manufacturing...

**% 55+, manufacturing**



**% youth, manufacturing**



## ► Demographic transition: Summary

### Productive (age) cohort have difficulties supporting older cohorts

Insufficient productive employment opportunities, particularly for youth and prime age cohorts

Growth in labour productivities not fast enough

Technological progress, but lags in skills or work experience adjustments

Emerging labour market imbalances – changes in distribution of population across areas and sectors

Underdeveloped care economy, limiting participation of women (mostly, but not only) in the labour market

Sustainability of social security system – insufficient compensation and/or higher contribution rates?

## ▶ Demographic transition: Policy considerations

### Ensuring active ageing

Investment environment that results in more productive employment opportunities for youth and prime age cohorts

- ▶ Growth in output per worker and income per capita
- ▶ Addressing some distributional considerations across sectors, areas, age groups
- ▶ Working conditions and workplace environment that is more conducive for productive engagement of workers

Investment in skills to adjust to technological progress

Investment in developing care economy, enabling fuller participation in the labour market, as well as generating more income earning opportunities

Continued investment in social security systems (to accompany increases in the likelihood of reaching older age)

**Thank you!**