Technology, Skills and Retirement

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Abstract

In our work we study the role of skills in the retirement decision by investigating whether individuals who are more technologically endowed, ceteris paribus, tend to retire later. Although more than a decade of research on skill biased technological change has proved that observed and unobserved skills are crucial determinants of wages and employment status, few empirical studies investigate the relation between workers technological skills and their retirement decisions. In our work we provide new evidence based on an Italian panel data set (the Bank of Italy Survey on Household’s Income and Wealth). Our results show that better educated male employees who are able to use a computer tend to retire later, that this effect is magnified if the worker does use a PC on the job, it is stronger in a four years horizon rather than a two year horizon, and its magnitude is remarkably larger than what observed in US and Germany. We also show that the same skills seem not to play a crucial role in the retirement decision of women. Our results are robust to the estimation strategy adopted.

1 Introduction

In our work we study the role of skills in the retirement decision. Our main research question is to investigate empirically whether individuals who are more technologically endowed, ceteris paribus, tend to retire later. After a decade or more of intense research on the importance of skill-biased technological change, we believe that it is possible to conclude that observed and unobserved skills are among the most important determinants of workers wages and employment