JOBS AND THE FUTURE OF WORK

What are the needs and challenges of an ageing workforce?

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Barriers to entry for mature workers go beyond ageism.

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- **People are living longer and working longer – some by choice but the majority out of necessity.**
- **Employment solutions for workers over 50 are lacking, and where they do exist are designed in isolation and implemented from the top down.**
- **Our research highlights the stories, experiences and struggles of people in this peer group.**

The global population is ageing. As people live longer, they work longer, by choice or necessity. This is creating challenges for both workers and employers as we try to get our collective heads around the tools, practices, policies and culture changes that will be needed to ensure that this essential part of the over 50 population can not only survive but thrive.

There is not a one-size-fits-all solution. Challenges are impacted by factors from gender to race, from socioeconomic level to geography, and the intersectionality of these drivers only accelerates the complexity and thorniness. Too often, solutions are designed in isolation and implemented from the top down. Without the input of those at the front lines, many interventions fail.

What are real people experiencing? This is what is missing. Of those who have fallen out of employment, how have they struggled to re-enter work? What has been most successful? Who has succeeded and who has given up? Who has successfully pivoted to new options?

Breaking barriers to employment in over 50s

At the Innovation Foundation, our Mature Workers project is tackling the urgent challenge of how to help people over 50 return to the workforce. From the top, we look at labour market data, social and economic trends, and data from the Adecco Group across our 60 countries. Perhaps even more importantly, we seek out the ground-up view to hear the stories, experiences and struggles of people in this peer group, shaking out the recurring trends, repeated language and common pain points.

What are we hearing and where does this point us? Age bias in the world of work is real. But it is more complex and nuanced than the common narrative around ageism. Individuals struggle to return to work for many reasons. There are five interrelated dimensions we are seeing, all of which will require ecosystem-based solutions to get underneath the symptoms and address the real underlying needs.

- In addition to the obvious financial stress, job loss causes profound emotional shock that is often ignored or concealed within this demographic. These hidden struggles, coupled with a higher rate of rejection than among other applicant pools, can trigger a dangerous descent into a resignation mindset. This can lead to longer spells of unemployment and a heightened risk of prolonged economic inactivity. There is a tipping point that needs to be avoided to keep people on the path back towards work.
- Skills mismatch and the bias against employment gaps are barriers at any age, as shown by our other work with youth and mid-career women returning to work. But these can be magnified when combined with age bias. Perceptions of what older workers can and can't do are often stronger drivers than concrete proof. For example, the prevailing narrative says that older workers are less able to use new technology, whereas our insight survey shows that only 5% of older workers feel that they struggle significantly with technology. In addition, with the speed of change accelerated by GenAI, everyone is on a steep learning curve, a fact that may actually provide a more level playing field.
- The potential extra cost and risk that mature workers may represent for employers is real. Ironically, according to our research, most employers assert that older workers perform as well as or better than their younger counterparts. So why the reluctance to hire or retain older workers? Hiring processes, ways of working, or the attitude of a particular manager may screen out older workers before they can demonstrate their value. Also, individuals often undersell themselves as they wrestle with the issues of confidence, identity and self-doubt that can accompany job loss. Being able to reframe transferrable skills and create a new narrative of employability is essential.
- Networks are everything – until they aren't. Personal networks are often filled with people of a similar background, age, socioeconomic level, industry and job type. For this reason, one's social network may not be a high-quality professional network. In addition, we have seen a strong reluctance to use personal networks for job-seeking among this demographic. This may hinge on shyness, embarrassment, or fear of damaging relationships. The assumption that one's network is a gold mine is a myth to be debunked, and more pragmatic models need to be explored.
- The intersection of health and work is another key area in need of practical solutions. Declining health remains the primary reason older individuals exit the workforce before reaching pensionable age. In the UK alone, a staggering 42% of individuals aged 50 to 64 are economically inactive due to long-term sickness, totalling around 1.4 million people. Healthcare reform is not the sole answer, nor is employment policy. It demands an ecosystem approach.

Building a longevity economy

In the private sector, labour shortages and skill gaps inhibit growth, and industries struggle to meet output targets. We observed this during COVID-19 when the participation rate for mature workers significantly dropped. On the governmental front, fewer workers means less tax revenue, while pension schemes, health systems, and essential services face increasing strain. Could raising the retirement age be the solution? To stabilise the old-age dependence ratio by 2050 would require up to an 8.4-year increase in the retirement age, already a highly politicised issue. This is not the easy answer. Finally, at an individual level, work has a profound impact on income inequalities that extend beyond retirement. In South Korea, the old-age poverty rate has surpassed 40%. It is over 30% in Estonia and Latvia, and more than 20% in Mexico and the US. These alarming rates are largely linked to income inequalities and increase the risk of social exclusion and isolation.

We need to address these problems now, fixing the leaky pipes that are hemorrhaging capable people who are willing and able to work. This is a systemic problem that calls for a multi-stakeholder approach across government, business, civil society, academia, and the mature workers themselves. By driving innovation in overlooked areas, and designing solutions with and for mature workers, we can build a more inclusive workforce that not only adapts to the longevity economy, but truly thrives.