

# Mature Workers:

Understanding the  
needs and challenges  
of the mature workforce



# Introduction

The global population is aging, and the proportion of older people is increasing in almost every country in the world. As people live longer, they work longer. Some by choice, others due to the need to make ends meet, financially. The retirement age continues to increase and there is a growing population of 55-65-year-old workers facing new challenges and making new choices for the “golden” time in their lives.

This paper explores new insights on the challenges and employability barriers faced by workers over the age of 55, which threaten their sustainable livelihoods, now and in the future. These insights give direction to the challenges that require practical and actionable solutions addressing the needs of the most vulnerable populations.



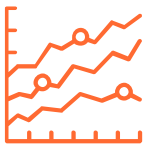
# The global population aged over 55: Key Facts



**By 2030, the number of 65+ population will reach 1.2 billion people globally**



**The ageing population is growing.** By 2050, the worldwide proportion of 65+ will double from today's 8.5% to 17%



**Employment rates differ significantly for 55+ workers in advanced and emerging economies:** from 32% in Turkey to 80% in Iceland



**Retirement peaks at 60 and 65 no longer exist.** People chose alternative retirement strategies and time, often opting to continue working longer



**In the age group 55+, women, long-term unemployed, low skill and low education levels** have the highest unemployment rates, globally



**Ethnic minority communities** are more likely to fall out of work in their 50-60s than white workers



**1 in 6 older workers prefer to work less hours.** Main reasons: medical issues or socio-economic stability



**Self-employed workers** are less likely to be unemployed in the 55+ demographic



**Misperception about manual work and age:** Employees in manual jobs don't quit their jobs sooner than other workers do



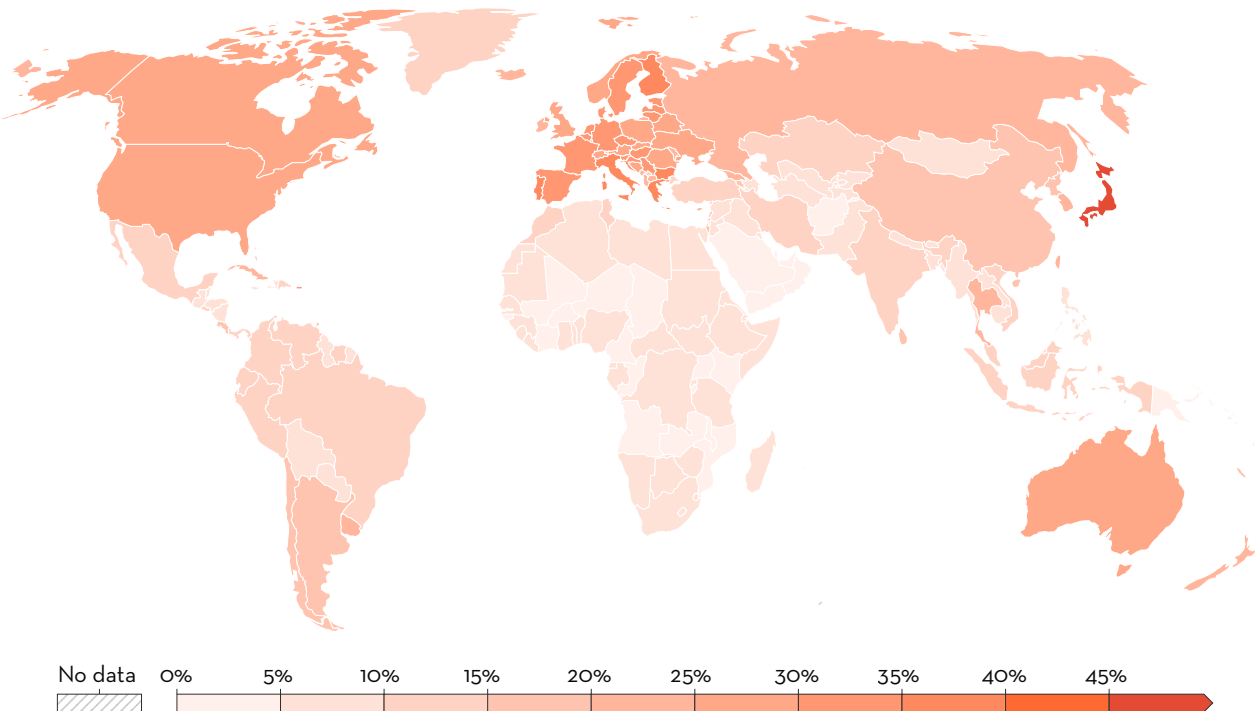
**The likelihood of poverty rises with age:** 14.1% of individuals aged over 65 live in relative income poverty (OECD average)

# Anatomy of the mature workforce

Average global life expectancy soared from just 53 years in 1960 to 71 in 2022 and is expected to rise by 1.5 years each decade<sup>1</sup>. Despite the fact that, in some countries, life expectancy started to flatten or even fall, the proportion of older adults in global populations is drastically increasing. Looking

ahead, the global ratio of retirees to workers is predicted to fall from 8:1 currently to 4:1 in 2050<sup>2</sup>. The numbers are, particularly in industrialized countries, and low-income countries are projected to catch up with this trend soon.

**Figure 1: Old-age dependency ratio, 2021**



Sources: United Nations, DESA, Population division (2022) & Hannah Ritchie and Max Roser (2019) - "Age Structure". Published online at OurWorldInData.org

While longer lives are in many ways a cause for celebration, there is a growing need for people to look deeper into what was previously considered time for retirement. In much of the industrialized world, older workers have already been successfully integrated into the labour market, gradually climbing as a share of the OECD labour force in the late 1990s, for the first time since the 1970s. Effective retirement ages began to rise in the early 2000s for the first time in 30 years and are expected to



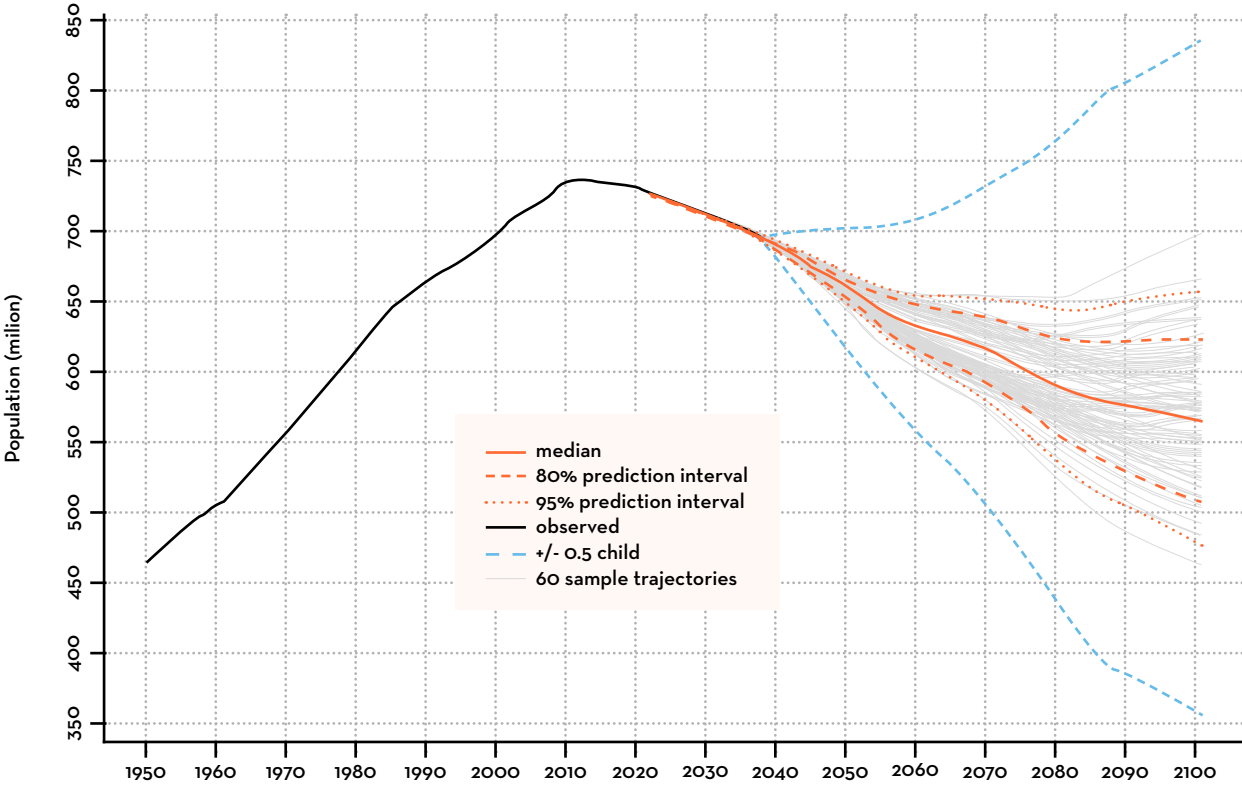
increase by 1.5 years by 2050. Nonetheless, this increase in the mandatory retirement ages might fall well short of what would be required to prevent rising dependency ratios. In the OECD, **stabilizing the old-age dependence ratio by 2050 would imply an up to 8.4-year increase in retirement age<sup>3</sup>.**

The **labour-market potential for older workers remains considerable** in most countries and the participation rate for people 55+ dropped significantly during COVID-19. As a result of this larger than anticipated reduction in the labour supply, many industries struggled to reach output targets. These global labour shortages may worsen in areas like Europe and Northern America due to the expected decline in the working age population in the ensuing decades (see Figures 2 and 3).

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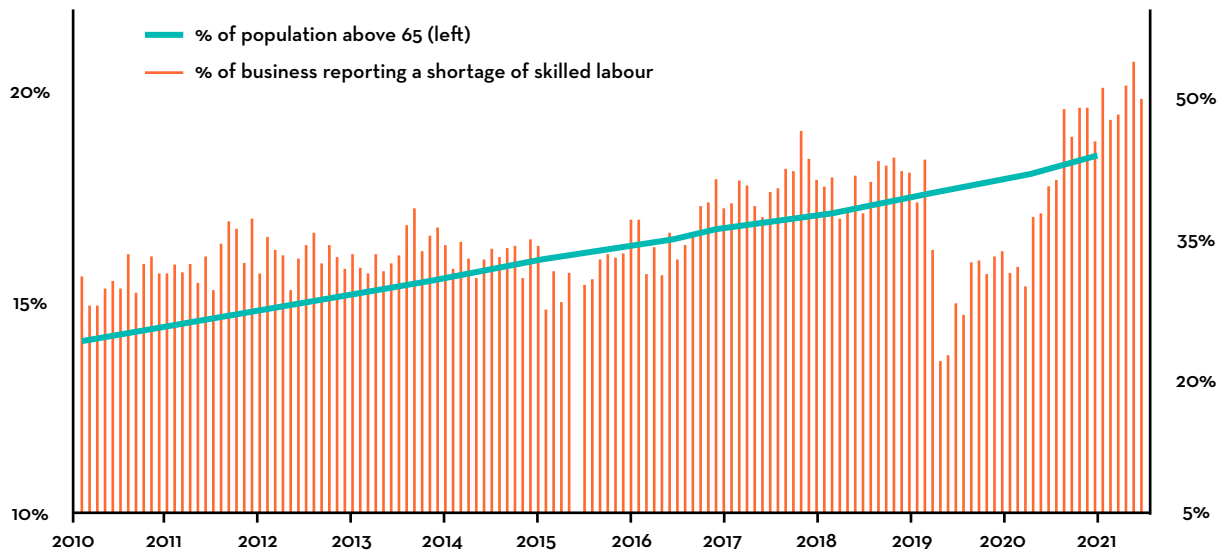
years is the required increase in the retirement age to stabilize the old-age dependency by 2050 (OECD average)

**Figure 2: Expected decline in working-age populations (Age 15-64) in Europe and US**



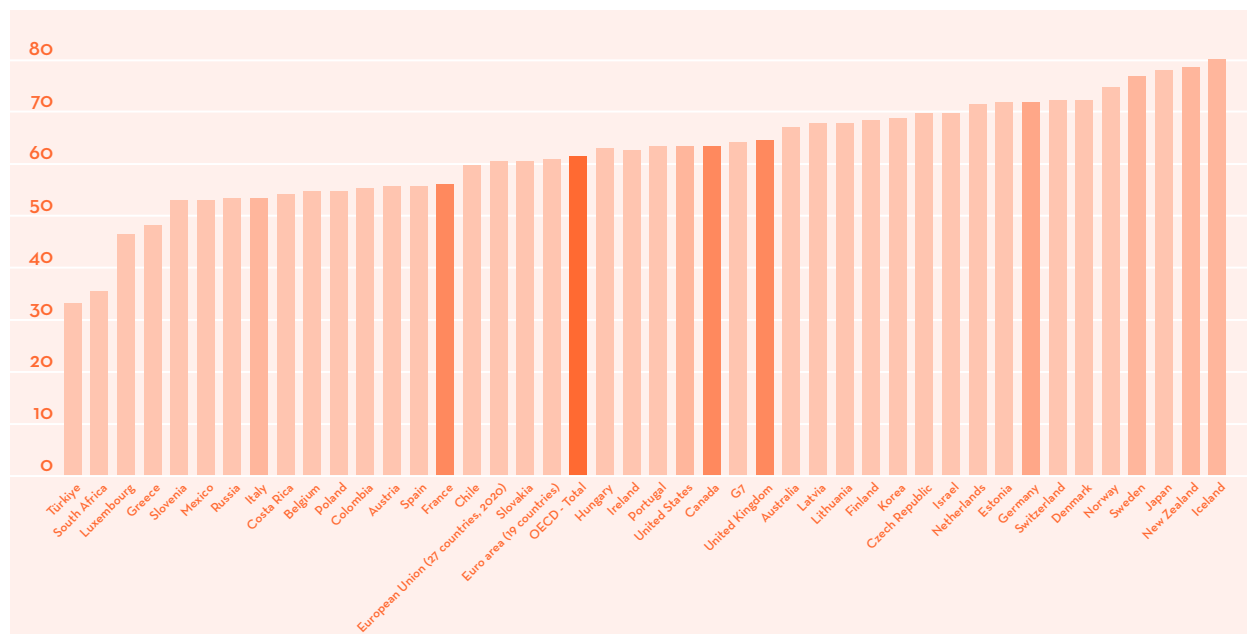
Source: United Nations, DESA, Population Division (2022)

**Figure 3: Canada’s labour market is becoming more constrained as its population ages**



Sources: Statistics Canada, Canadian Federation of Independent Business, RBC Economics (2022)

**Figure 4: Employment rate (%) by age group (55-64), 2022 or latest available**



Source: OECD

Nonetheless, this fall in mature workforce involvement brought on by the pandemic now seems to be turning around. According to a survey<sup>4</sup> conducted in the US, **68% of those who retired during the epidemic would now think about going back to work.** In developed economies, the 55-64 age group’s

participation rate increased to 64.4% in 2021, completely correcting the loss caused by the pandemic. However, the return to work for those over 65 is not the same. In 2021, the participation rate increased to 15.5%, which is still somewhat below the pre-pandemic peak.

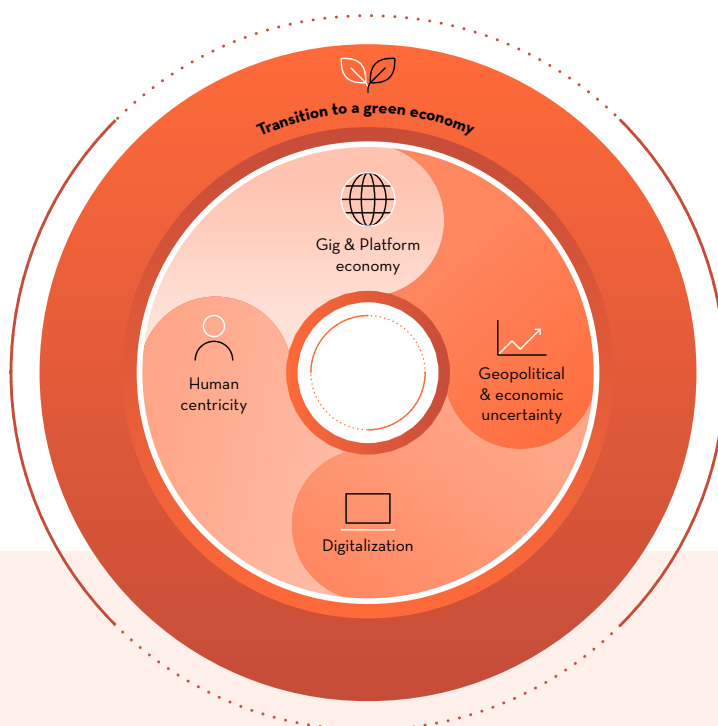
# Understanding who is most underserved

The demographic shifts need to be put against the background of some major global trends such as rapid automation, digitalization and transition to sustainable economies in the context of geopolitical shocks and mounting climate concerns. These dynamics make mature workers more vulnerable and unprepared to adapt to rapidly evolving challenges.

to bring forward the challenges and opportunities for mature workers. The challenges and opportunities that those personas have, differ depending on gender, education and skills level, geographic location, and even family composition.

The most pertinent global trends impacting employment and employability to watch are<sup>5</sup>:

Mapping the implications of some global trends on different personas allows us



The mapping of global trends, together with the predictive indicators for employability such as age, gender, geography and skills/education, result in a heatmap. This allows us to identify those most affected by current and future workplace challenges and illuminates the gaps or “white spaces” not being addressed by research or solutions on the labour market.

## Heatmap

Trends	Age	Gender	Geography	Skills/Education
<b>Geopolitical and economic uncertainty</b>	Ageism and misperceptions on their productivity ●	Gender-specific distribution of occupations	Global supply chain disruptions and informal economy	Labour shortages across different industries
<b>Platform and gig economy</b>	Persistent ageism in work platforms	Women-specific barriers	Regulations on social security and pensions	Higher flexibility and financial insecurity
<b>Digitalisation</b>	Upskilling and digital skills in longer lifespans ●	Lower presence of women in STEM jobs	Aging rates and risk of replacement by automation	Polarization between high- and low-skilled workers
<b>Human-centricity</b>	Gaps in age-segmented data ●	Increasing isolation in older men	Inequalities in life expectancies, age poverty ●	Value to flexibility and part-time jobs
<b>Transition to sustainable economy</b>	Demographics and need of age inclusion	Low female participation in green jobs	Greater share of mature workers in green jobs	Unretirement and longer work spans ●

## White spaces

**1** How do biased perceptions on the productivity of the mature workforce impact their employability?

**2** How do gaps in age-segmented data affect the understanding of mature workers' needs and challenges?

**3** What are the key challenges related to unretirement and returning to work at older ages?

**4** How do mature workers navigate work-retirement transitions and pivoting?

**5** How will increasing socioeconomic disparities impact the most vulnerable among older workers?

Each intersection on the heatmap is a starting point to explore further and expand the analysis of the challenges and needs of 55+ workers and zoom into the white spaces. While there is no shortage of challenges for each demographic, we focus on the 5 white spaces and unpack them with sentiment and motivations, insights from big data analysis, and empathy interviews with those most impacted.

Note: The heatmap's usage of lighter colours denotes the "width" of the white space in those intersections



# 1. Are mature workers less productive?

While issues such as gender, racial and cultural discrimination at work have received considerable attention, ageism is still one of the greatest and most significant obstacles for mature workers. Evidence from social perception surveys and in studies of productivity shows that, for most people, physical and mental capacity declines after the age of 30. However, **knowledge and expertise** – the main predictors of performance in the workplace – **often keep increasing, even beyond the age of 80**<sup>6</sup>.

However, the lack of available data and the complexities that arise when quantifying individual performances, may generate misperceptions about mature workers' capabilities and full potential. And that is an important **breeding ground for biases, stereotypes and prejudices**. In fact, the analysis of employment data from the Adecco Group reveals that older workers have less work accidents due to greater expertise, busting the myth of higher risks of employing older workers.

## White space 1:

How do biased perceptions on the productivity of mature workforce impact their employability?

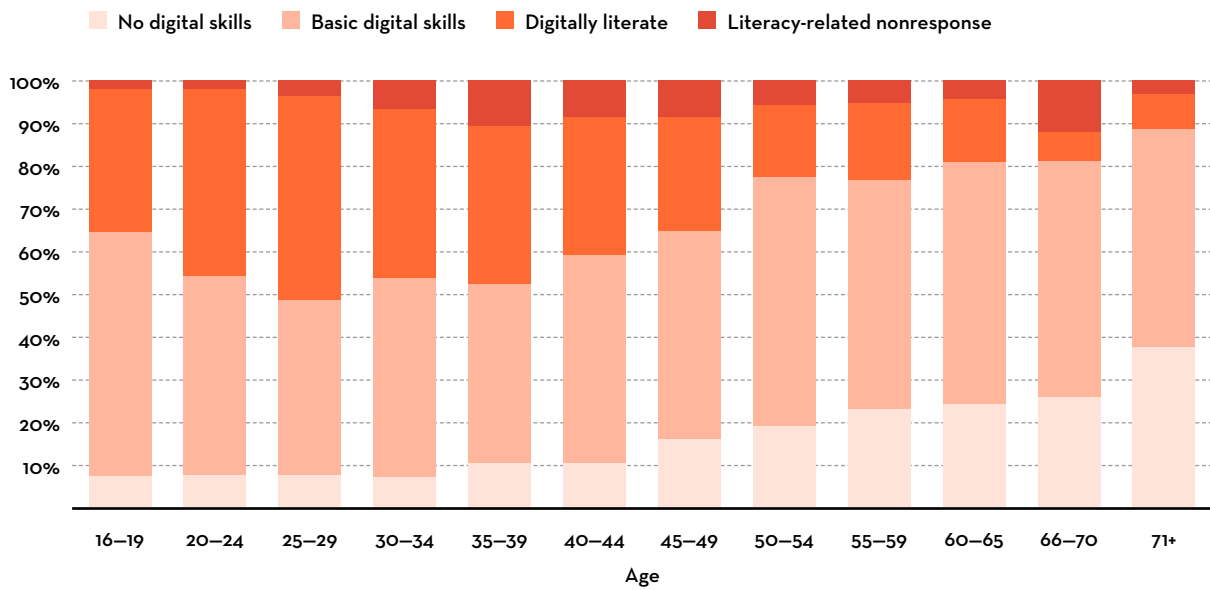


OECD<sup>7</sup> also discovered that **a firm with a 10% greater share of workers aged 50 is 1.1% more productive**. The relatively smaller number of younger workers, who are the least productive, accounts for half of the increase in productivity (0.6%, the “direct effect”). The other half (0.5%, the “spillover effect”) is explained primarily by the increased number of older workers, who enable further productivity-enhancing complementarities between younger and older workers.

With respect to digital skills, contrary to conventional wisdom that young adults are more technologically literate than older adults, the youngest cohort of Americans responding to the PIAAC is not the most digitally educated. Instead, **digital skills are acquired over time**<sup>8</sup>.

If we can better understand the productivity of older workers, and how this contributes differently to the workforce, we can better combat bias.

**Figure 5: Digital skills by age**



Source: Urban Institute (2021). Digital Skills and Older Workers Supporting Success in Training and Employment in a Digital World.

## Does ageism affect all mature workers equally?

One of the biggest barriers for mature workers is age discrimination. However, social media sentiment data reveals ageism might be industry specific. For example, in the healthcare sector, an older age is perceived positively as it is associated with more experience, knowledge, skills, trust and empathy. However, in the case of the IT sector, perceptions captured by ChatGPT show that the perceived optimal age bracket for the IT-related occupations is significantly lower than for the other sectors, indicating a possible area where these stereotypes might be more pronounced. Having industry-segmented insights on age discrimination would allow us to analyse the reasons behind it and offer more effective tailored solutions for eliminating age bias.



## 2. Need for better data

Gaps in data collection and data segmentation, particularly in low-income countries and for lower skilled workers, make it difficult to establish a baseline understanding of the conditions and needs of older adults in the workplace.

General statistical data for measuring the employment and unemployment rates uses a 16-64 age range. This worldwide standard (based on historical legacy) ensures that data are comparable across time and countries, but it is becoming increasingly archaic in a world where more people work into their late 60s and early 70s, often in informal

employment which is not captured by official statistics. These data gaps prevent us from having accurate information on the number and profiles of workers over the age of retirement who are actively looking for work and struggling in the process.

More complete data for the missing demographic would help us better understand the implications for a rapidly aging workforce, improve workforce planning and create better support mechanisms.

### White space 2:

How do gaps in age-segmented data affect the understanding of mature workers' needs and challenges?

## 3. Is unretirement a new normal?

Longer work and life spans, as well as the rise of gig and platform economy and technological advances are posing new challenges and opportunities for mature workers, when approaching retirement. Nonetheless, there are important differences across individuals, both in terms of the paths that they take toward retirement and the motivations (by choice or due to financial needs) that drive these transitions.

In the UK, an increasing share of workers aged 50 to 69 want to work fewer hours.

Part-time jobs might serve as a more gradual transition to non-working retirement and balancing health and care-giving needs. Individuals in their 60s with higher levels of education and living in less impoverished areas are more likely to go from full-time to part-time work<sup>8</sup>.



Data from the UK also reveals that about 8% moved to retirement via being out of work, and about 6% are ‘unretired’ in that they return to work after being retired due to the increasing cost of living<sup>9</sup>. By gender, data shows that men are more likely than women to return to full-time employment after retirement, and women are more likely to return to part-time work. Marital status also influences these decisions with divorced and separated women being more likely than married women to work after retirement.

Thus, the increase in the so-called “unretirement” indicates that more and more people are willing or forced to go back to work past their retirement age. However, the lack of data on those beyond the retirement age and actively looking for jobs makes it

difficult to identify the challenges they face in finding employment.

## Unretirement

Re-entering the workforce after official retirement age

Greater insight into the rationale behind unretirement, particularly for those who are struggling to re-enter for financial reasons, can point toward where additional interventions could have the greatest impact.

### White space 3:

What are the key challenges related to unretirement and returning to work at older ages?



## 4. New work-retirement pivots

Generally, white collar workers tend to stay in the labour force longer than blue collar workers. However, there are stark differences in the types of jobs and specific skillsets, which make this generalization no longer accurate. Recent research<sup>10</sup> indicates that people in creative or labour-of-love-type jobs such as clergy or writers/authors and/or those that are not physically demanding,

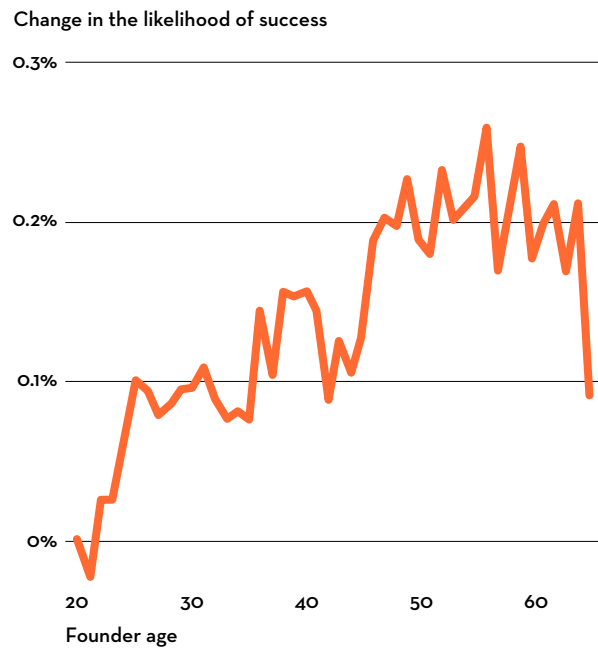
remain in the workforce longer. Jobs such as **taxi drivers and chauffeurs, guards and watchmen, and messengers are also among those where people work over the age of 66.**



Moving from higher skill level jobs to those which require lower levels of skills is also becoming common for mature workers.

Self-employment is a common pathway to remain in or re-enter the labour market. Self-employed workers with otherwise similar characteristics are nearly two percentage points more likely to remain in paid work at older ages than permanent employees. Men and people with higher socioeconomic indicators are currently more likely to transition into self-employment in their 50s and 60s, but entrepreneurship may be also a last chance for those who are unable to find stable employment. Research in the US<sup>11</sup> suggests that, contrary to popular belief, **the probability of success rises with age and peaks at the age of around 55-60** (see Figure 5).

**Figure 6: Change in the likelihood of startup success by age**



Source: Azoulay, P. J. (2020). "Age and high-growth entrepreneurship". *American Economic Review: Insights*, 2(1), 65-82.

## White space 4:

How do mature workers navigate work-retirement transitions and pivoting?



The primary reason older individuals leave their jobs before reaching state pension age is declining health, **and between the ages of 50 and 69, 49% of adults (and 39% of employees) report having a persistent health issue**<sup>12</sup>. Those with health problems are less likely to change occupation on their path to retirement, whereas those with higher self-reported health and cognitive function are more likely to change occupation.

A better understanding of why people leave work before retirement age can help identify other pathways to sustainable livelihoods, like entrepreneurship or gig work, rather than assuming that traditional employment is the only or best way.

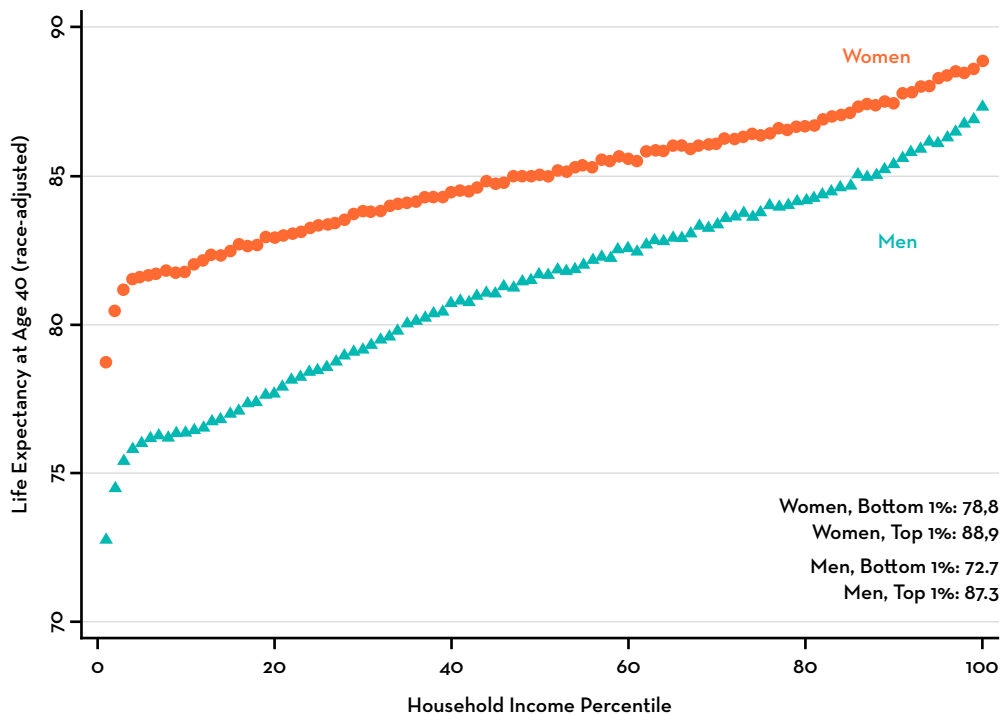


## 5. How do lifespan and socioeconomic inequalities impact mature workers?

The average age of career leadership peaks is increasing in almost all occupations. The average age of chief executives at Fortune 500 businesses is much higher than before. More wealthy people live longer and healthier lives. Wealthier Americans live

at least ten years longer than the poorest population. These growing age inequalities are also increasing in many countries like the UK, Spain, Portugal, Czech Republic or Netherlands.

**Figure 7: Life expectancy vs income in the United States**



The richest American men live 15 years longer than the poorest men, while the richest American women live 10 years longer than the poorest women.

Source: Chetty R, Stepner M, Abraham S, et al. The Association Between Income and Life Expectancy in the United States, 2001-2014. JAMA. 2016;315(16):1750-1766. doi:10.1001/jama.2016.4226

Paradoxically, individuals with shorter-than-average life expectancies will receive the pension benefit for a shorter period of time, resulting in a loss of pension wealth in comparison to what would be actuarially fair<sup>13</sup>. **Groups with above-average life**

**expectancy, on the other hand, will benefit from a pension "premium" funded by the most disadvantaged groups,** increasing consequently the economic inequality at these stages.

Although the good news is that life expectancy is, albeit unevenly, rising, healthy life spans are not growing at the same rate, globally. The healthy life span decline affects all skills levels, but mature workers in physically demanding occupations are the most negatively impacted. This desynchrony between life and healthy life span growth

opportunities for mature workers and impact their needs for re-skilling, upskilling or pivoting, points to the need for actionable solutions on the ground.

All these socio-demographic changes are also deepening economic inequalities among the mature workforces. This situation might be

## White space 5:

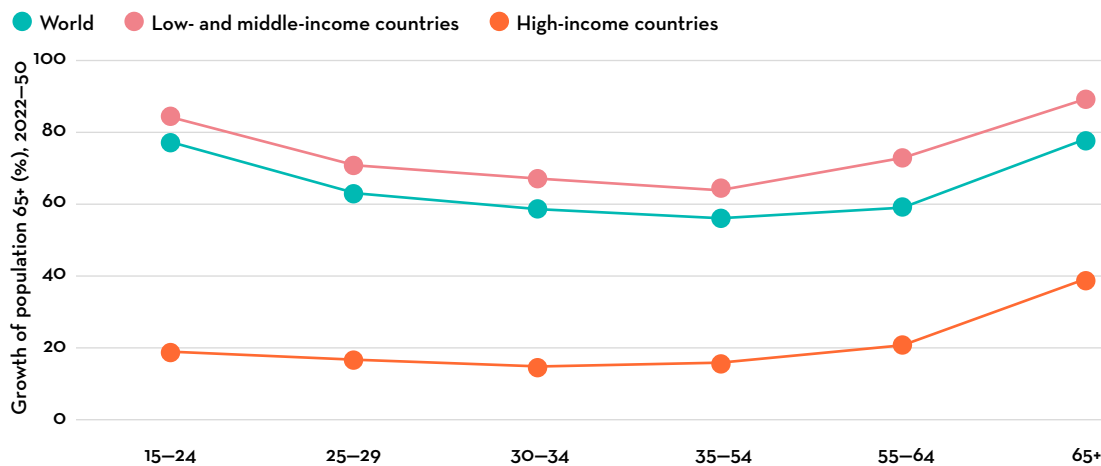
How will increasing socioeconomic disparities impact the most vulnerable among older workers?



rates could be a forewarning of future labour shortages, especially in countries with the highest old age dependency ratios and low fertility rates like Germany, Netherlands, and Switzerland. Other countries like Korea, Japan, Brazil, China or Finland are also ageing rapidly. Examining how the expected future shortages of workers create more

even more acute in certain countries with higher relative poverty rates for adults over the age of 65. In countries like Korea, this poverty rate exceeded 40%. They are above 30% in Estonia and Latvia and exceed 20% in Australia, Lithuania, Mexico, and the United States<sup>14</sup>.

**Figure 8: Informal employment by age group (% of employed population in each group)**



Source: Economist Impact (2022). Achieving equitable healthy aging in low- and middle-income countries: The Aging Readiness & Competitiveness Report 4.0; AARP International; Washington, D.C.

In addition, countries with large **informal economies**, where people work in jobs without access to guaranteed wages and benefits, age inequities are amplified for mature workers. Among all age groups, people aged 65 and up have the highest percentage of informal employment.

**Globally, 78% of employees aged 65 and up are employed informally<sup>815</sup>**, with LMICs accounting for 89%, more than doubling the ratio in HICs. When informal workers reach

retirement age, they are frequently forced to continue working at older ages due to insufficient savings and a lack of access to fixed income sources such as pensions. In countries like Indonesia, that has the highest rate of people working beyond the age of 65 (50.6% of 65-69-year-olds work), as people age, private (within-family) transfers become a more important source of income, accounting for the majority of income for those aged 70 and up<sup>16</sup>.



**By better understanding the socioeconomic disparities among older workers, we can zero in on who is most underserved and why, thus pointing to where new solutions would make the most difference.**



# Looking Ahead

As the population of mature workers is growing, we face a critical momentum to create inclusive and supportive environment for them to continue to participate in the workforce and maintain sustainable livelihoods and well-being. While more and more countries are taking steps to address the issue of older workers through policy, there remains a need for practical and tailored solutions that address the specific needs of the most vulnerable among this population. This may include older workers who have been out of the workforce for an extended period of time, those with health conditions or disabilities, or those who are facing financial hardship.

The five white spaces identified here (productivity, data gaps, unretirement, pivots and inequalities) are the areas that merit

further exploration to better understand the greatest needs within the aging workforce.

Further insight gathering in these areas will help us take the next step in narrowing down the scope of challenges and the category of population to build, test and scale viable solutions. By taking a targeted approach to addressing the challenges faced by older workers, we can ensure that these individuals are able to participate fully in the workforce and help build more inclusive and productive societies.

*Deep-diving into these insights in the upcoming months will help us identify priority challenges and inform the Innovation Foundation's design of the social innovation projects for mature workers.*



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