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The labour markets of the elderly workers

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AAE Webinar “How to
address the challenges of
ageing?”

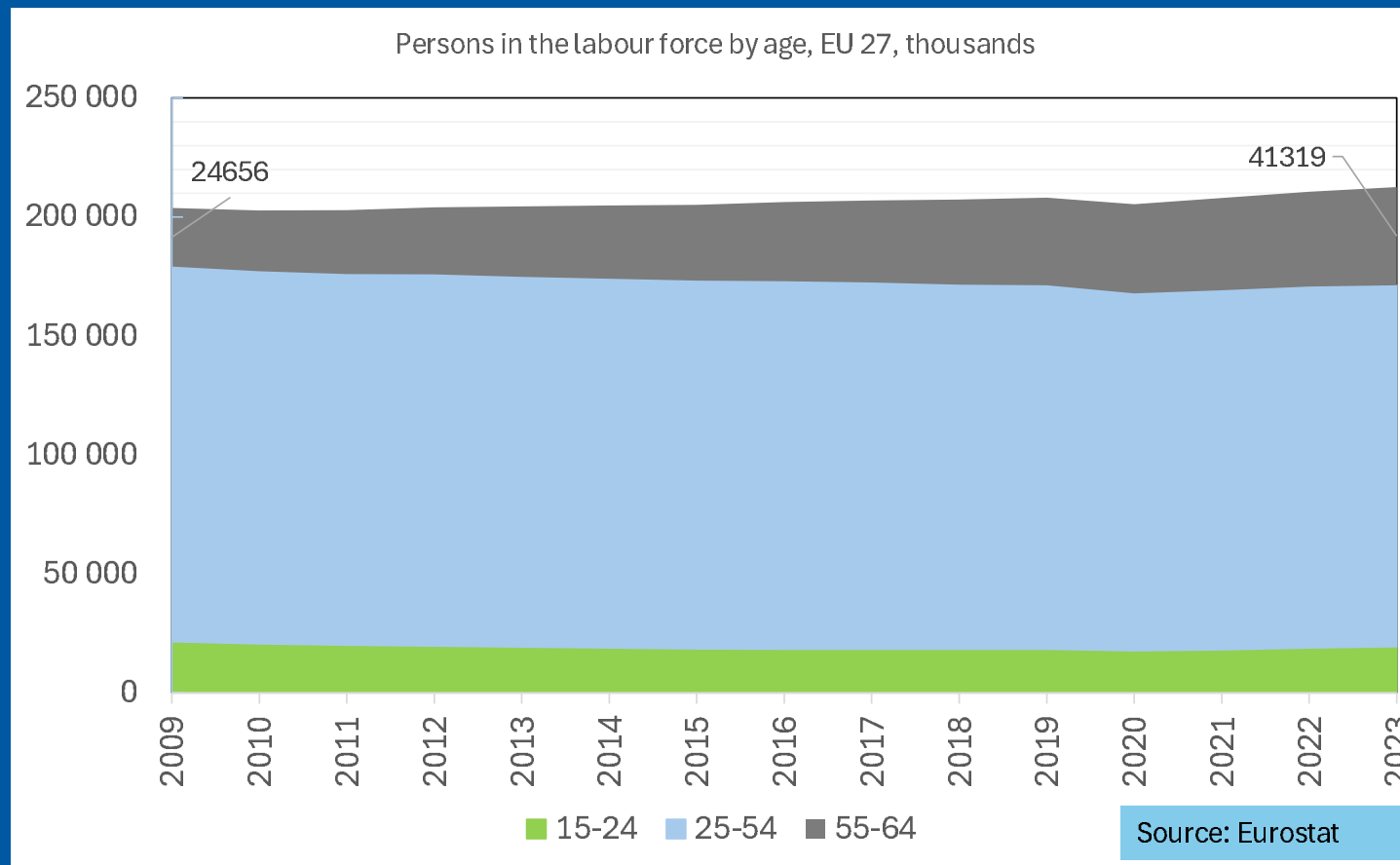
11 March 2025

Topics

- The big picture
- Is the work of elderly employees different?
- What are the future trends in labor demand?
- Are there skill mismatches?
- How and why to keep elderly workers?
- Conclusions

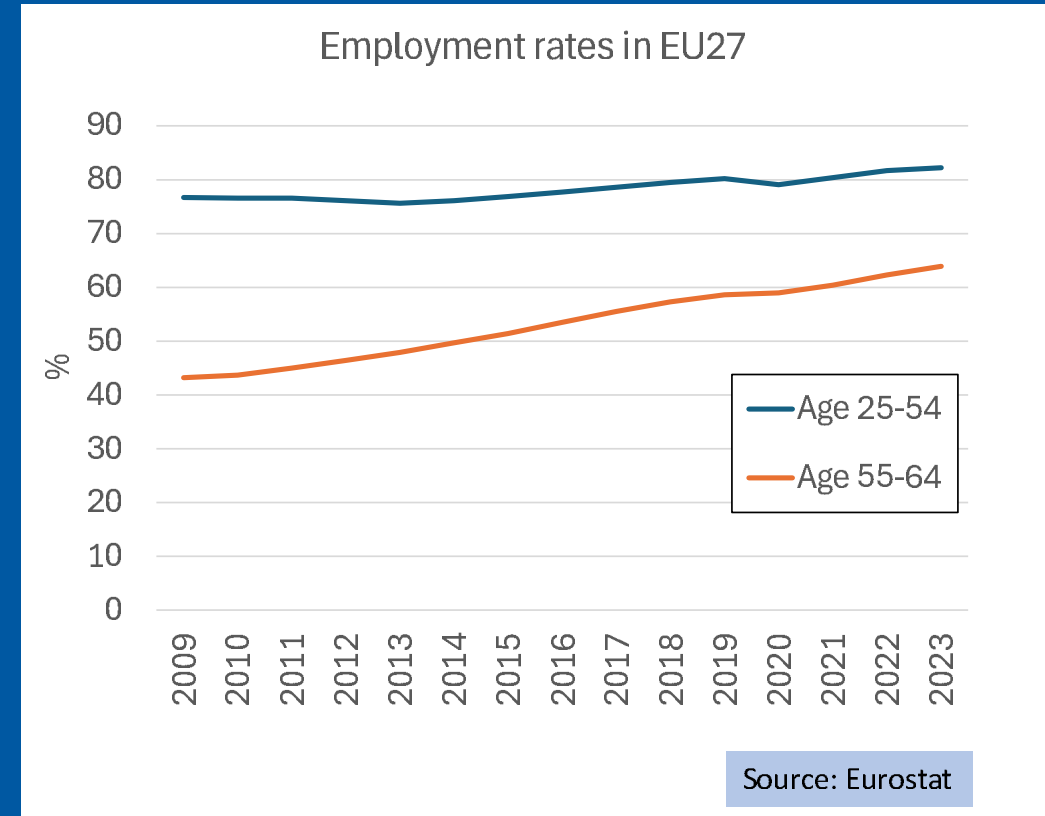
The big picture

Prime age labour force declines in the EU



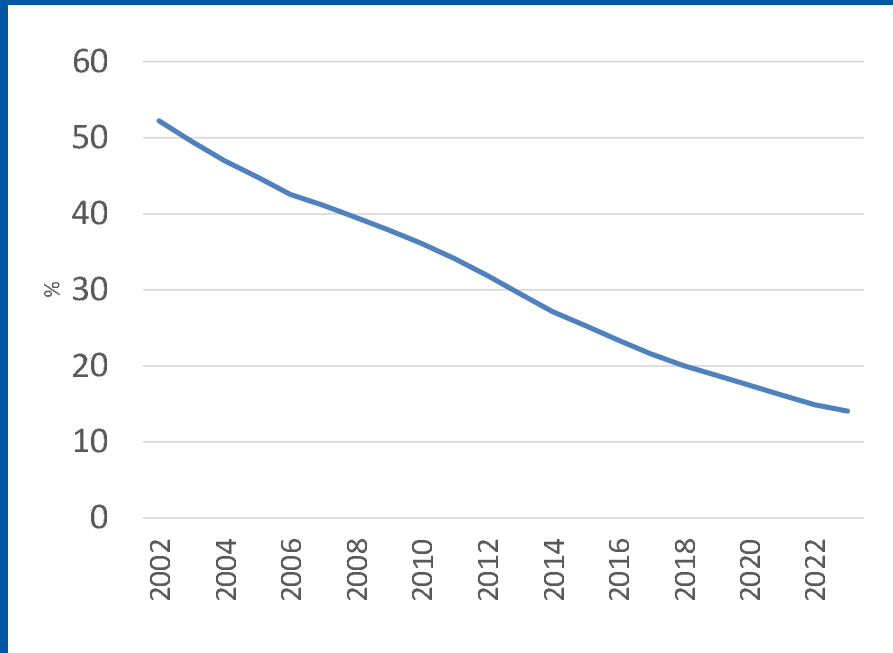
Good news

- A steady 20 percentage point increase in the employment rates among workers aged 55+
- Longer careers
- Finding a job remains difficult for the unemployed
- Improved education (Riekhoff & Kuitto, 2024)
- Better health and work ability
- Retirement age reforms
- Tight labour markets
- Attitudes of the employers (Järnefelt et al., 2022)
- Contents of work

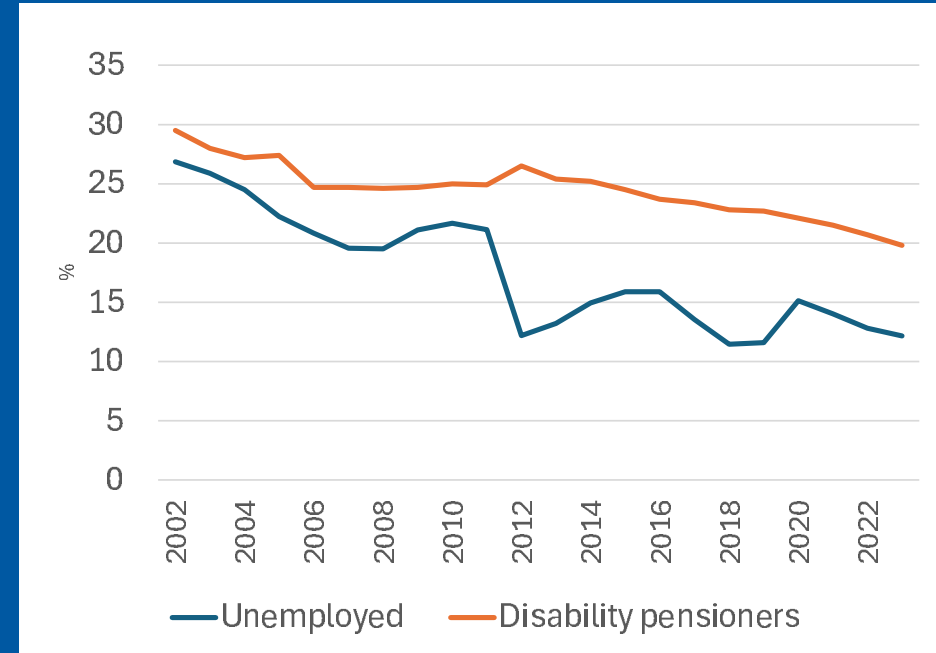


Trends in education, unemployment, and disability have been positive in Finland

Population share of people with basic education, age 60-64 years

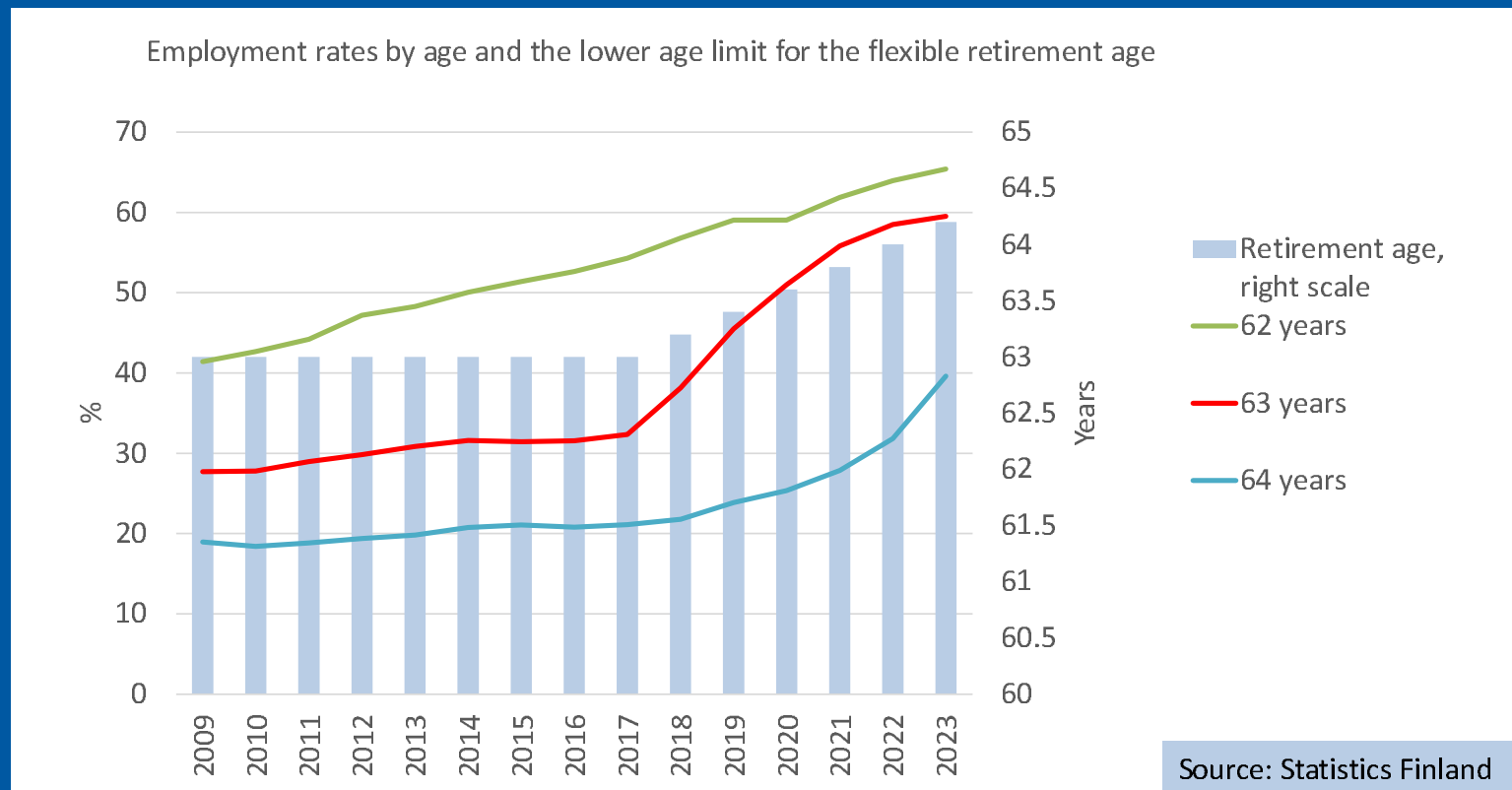


Population shares, age 62 years



Source: Statistics Finland

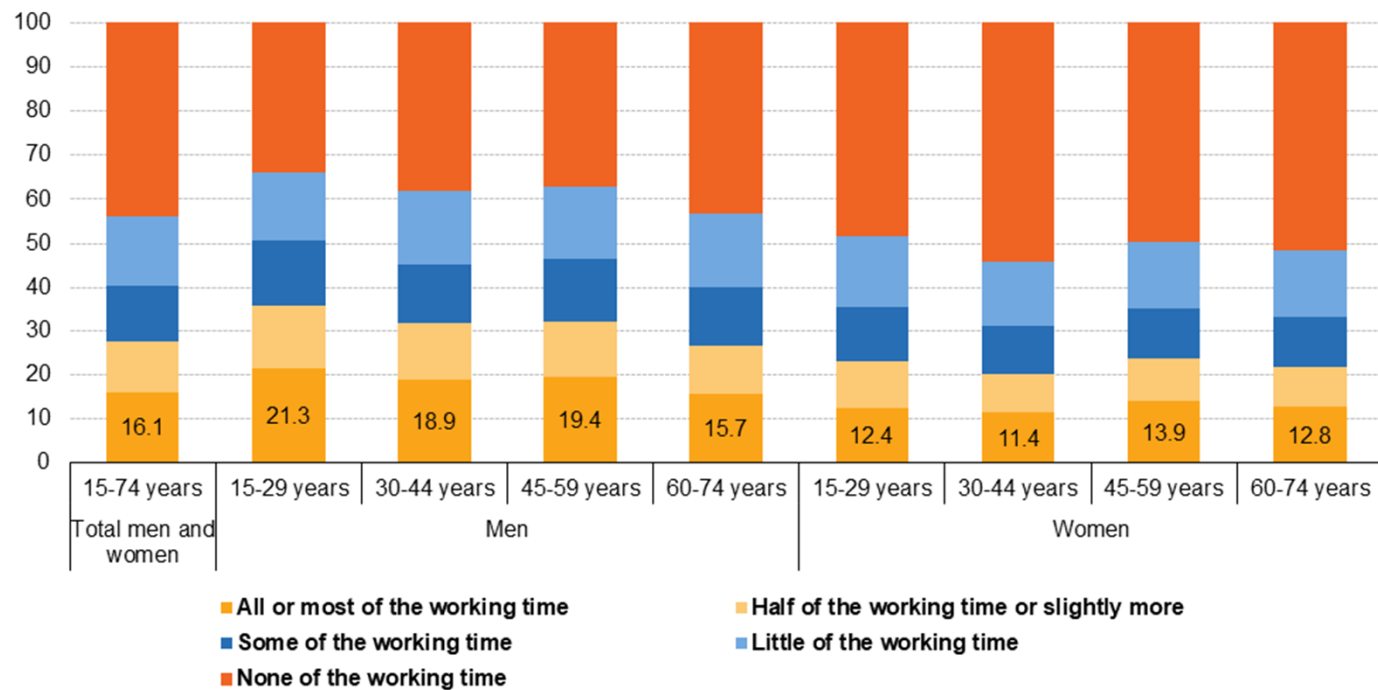
Retirement rules have a strong influence on employment rates in Finland



Is the work of the elderly employees different?

Hard physical work

Employed people by working time spent doing hard physical work, by sex and age, EU, 2022
(percentage of total employed people)



Source: Eurostat (ad hoc extraction EU-LFS module 2022)

Reading documents

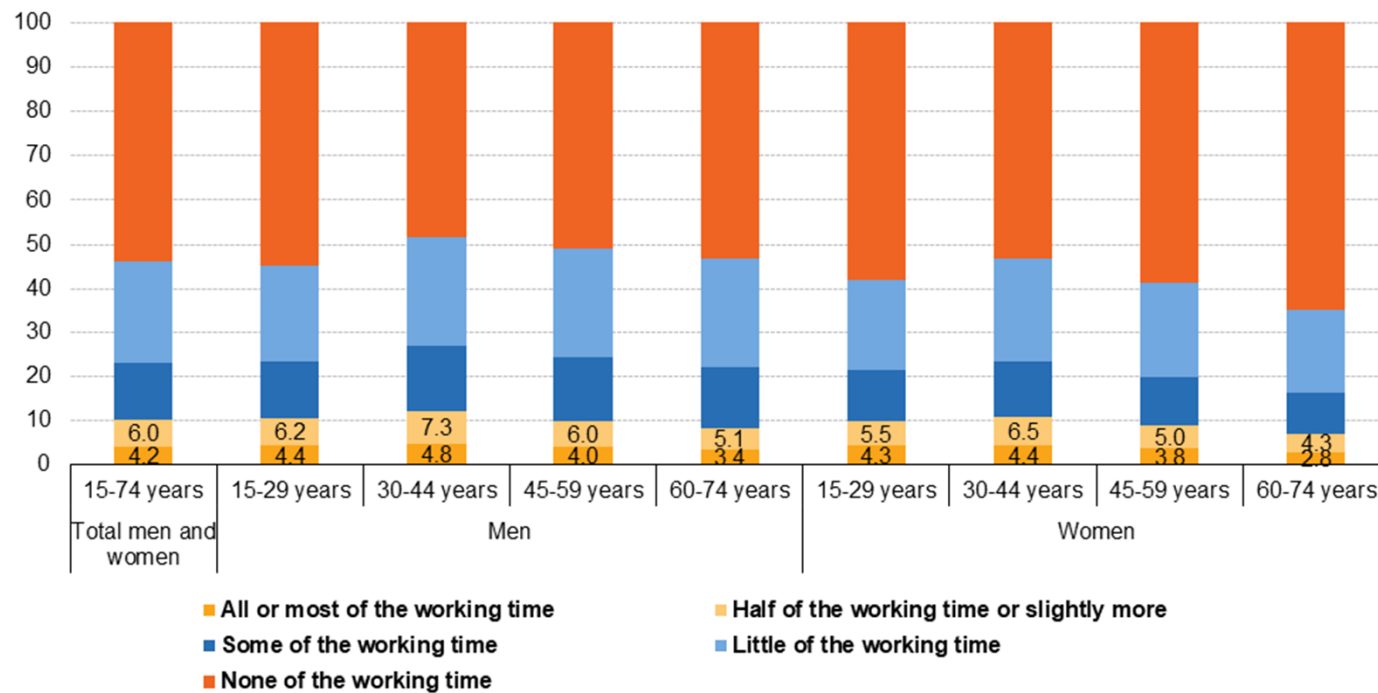
Employed people by working time spent reading work-related documents, by sex and age, EU, 2022
(percentage of total employed people)



Source: Eurostat (ad hoc extraction EU-LFS module 2022)

Complex calculations

Employed people by working time spent doing relatively complex calculations, by sex and age, EU, 2022
(percentage of total employed people)

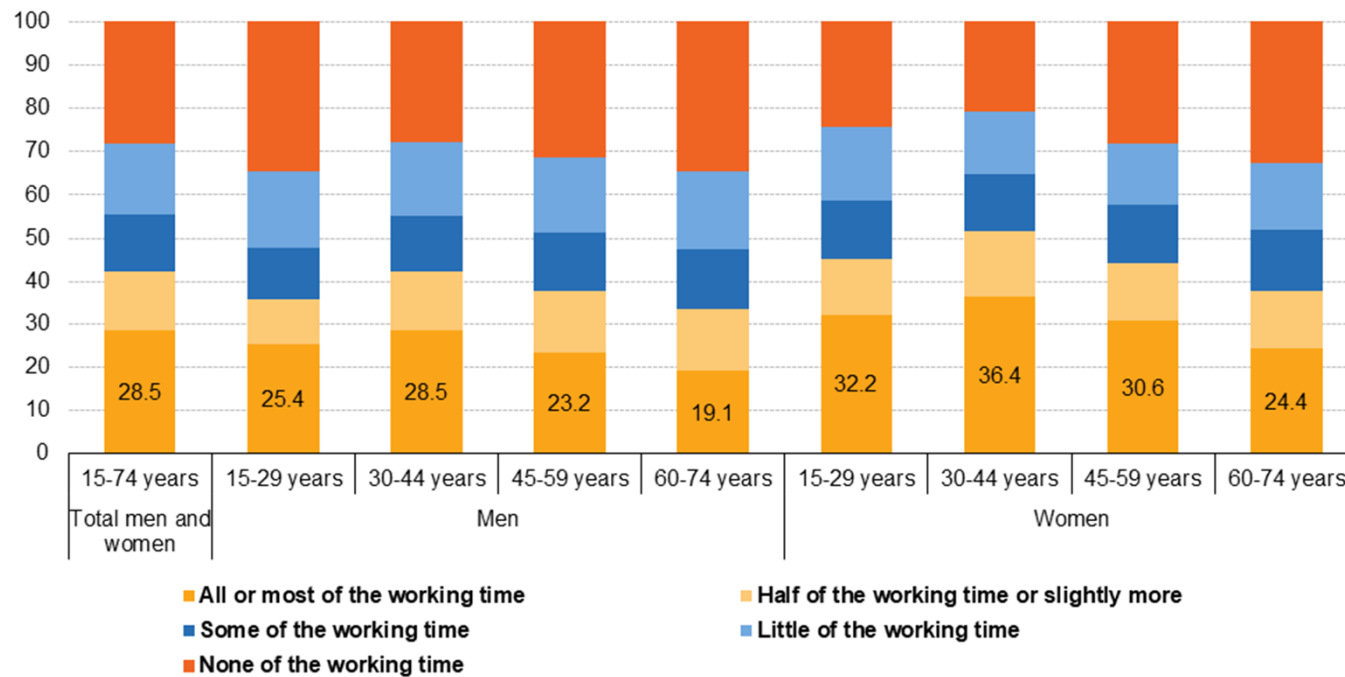


Source: Eurostat (ad hoc extraction EU-LFS module 2022)

Use of digital devices

Employed people by working time spent using digital devices, by sex and age, EU, 2022

(percentage of total employed people)



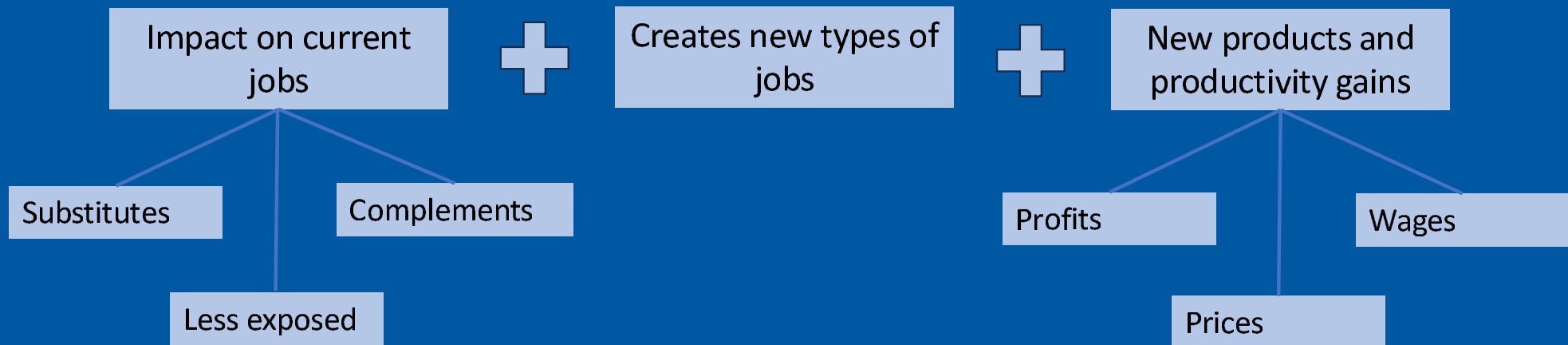
Source: Eurostat (ad hoc extraction EU-LFS module 2022)

Future trends

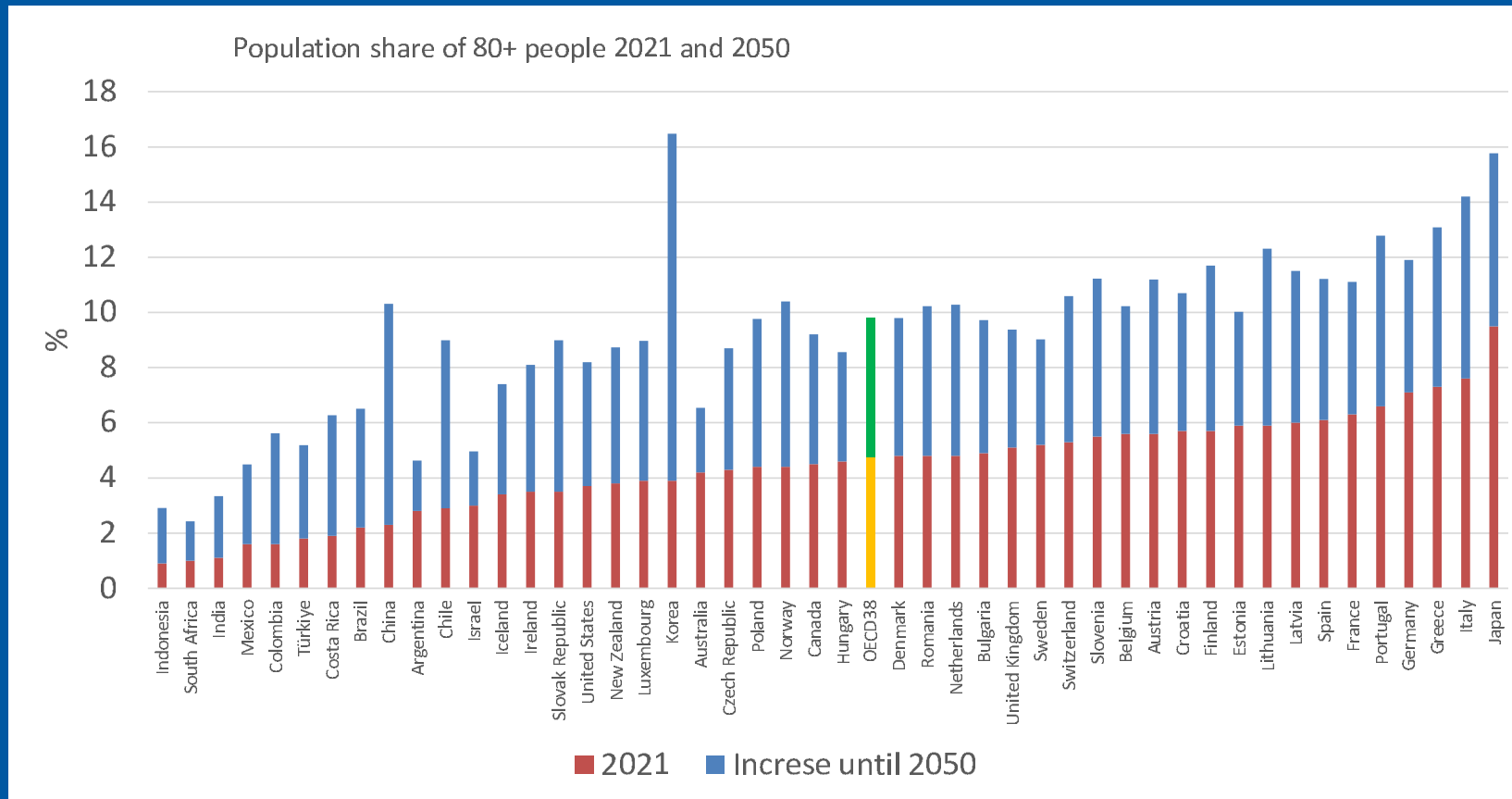
Future trends in the demand for labour

1. The shift from manual labor to cognitive tasks is ongoing.
2. Automation has significantly decreased the need for routine tasks, which initially has adverse effects on employment. However, aggregate employment has not declined.
3. GenAI advancements also impact non-routine abstract tasks, although their overall effect on employment remains uncertain.
4. There's a noticeable increase in demand for green skills, outpacing current supply growth.
5. In healthcare and elderly care, the required resources could potentially double unless there is a corresponding leap in productivity.

The impact of automation and AI on jobs



Required resources for care increase



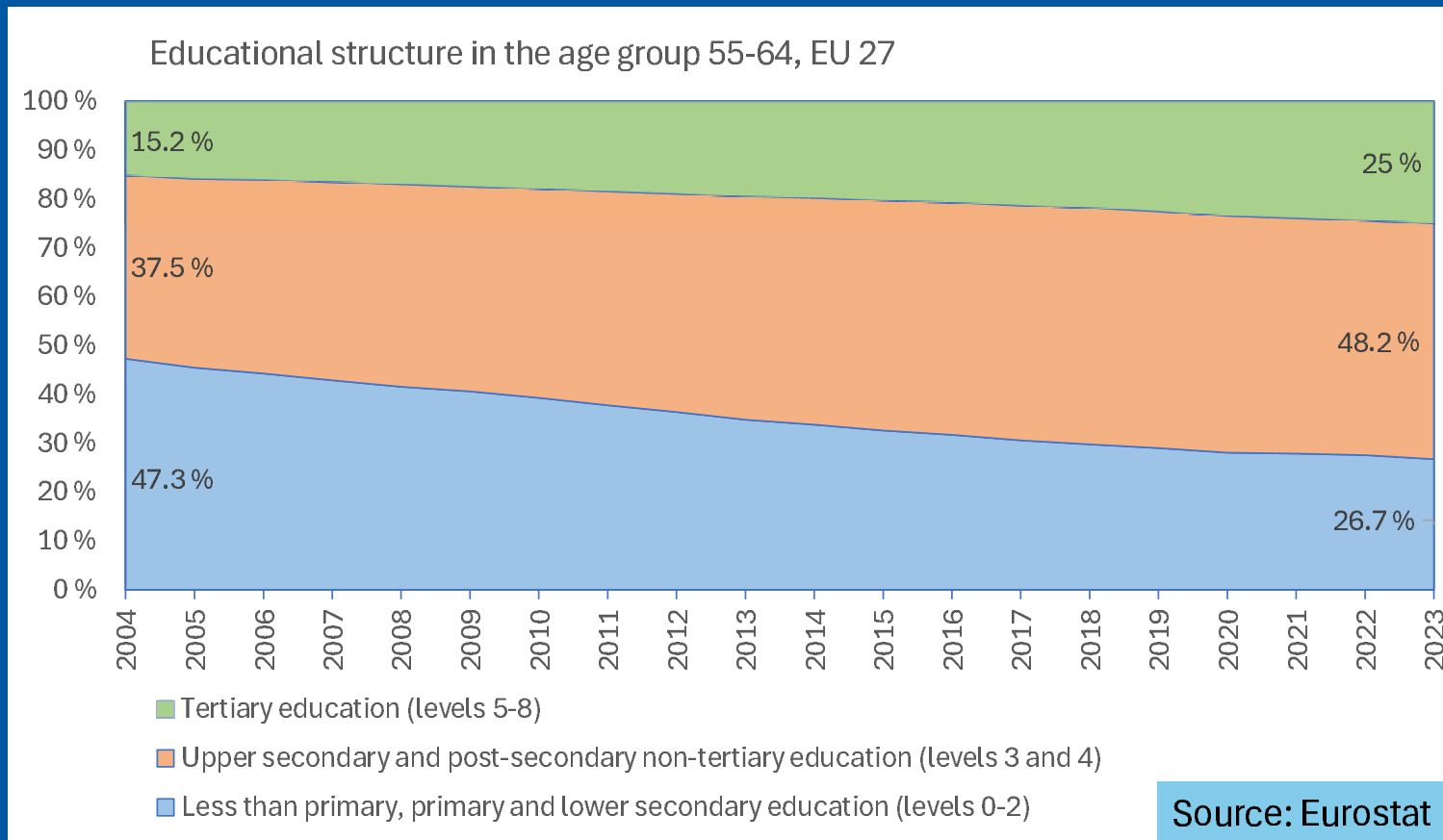
Source: OECD, Health at Glance

Mismatch in skills

Mismatch in abilities and skills?

- Older workers nearing retirement possess skills that may differ from those increasingly in demand in expanding sectors of the labor market.
- Additionally, elderly workers tend to be less mobile both within workplaces and between different workplaces

Trend-wise improvement in education



Potential for improvement in literacy

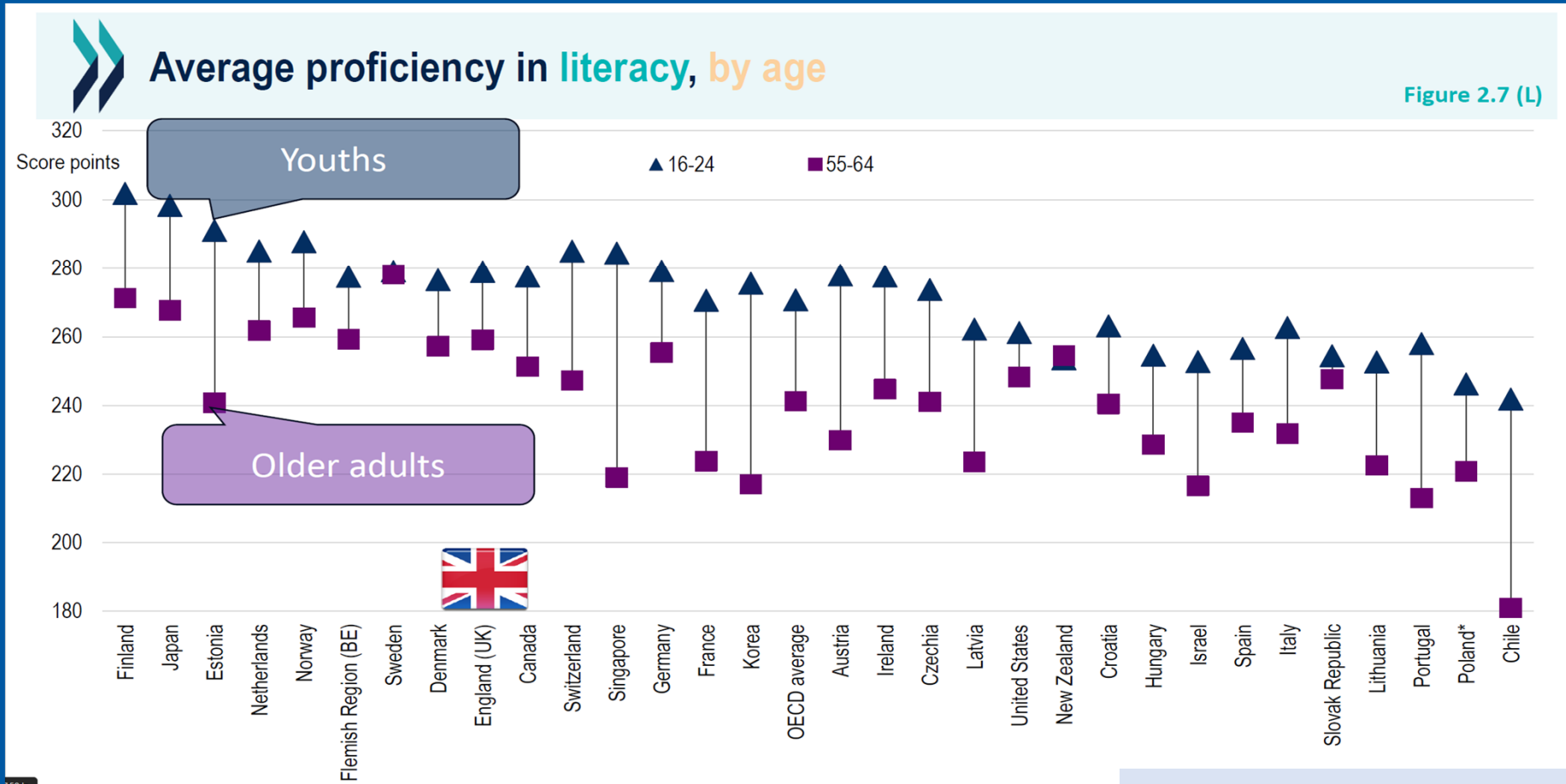
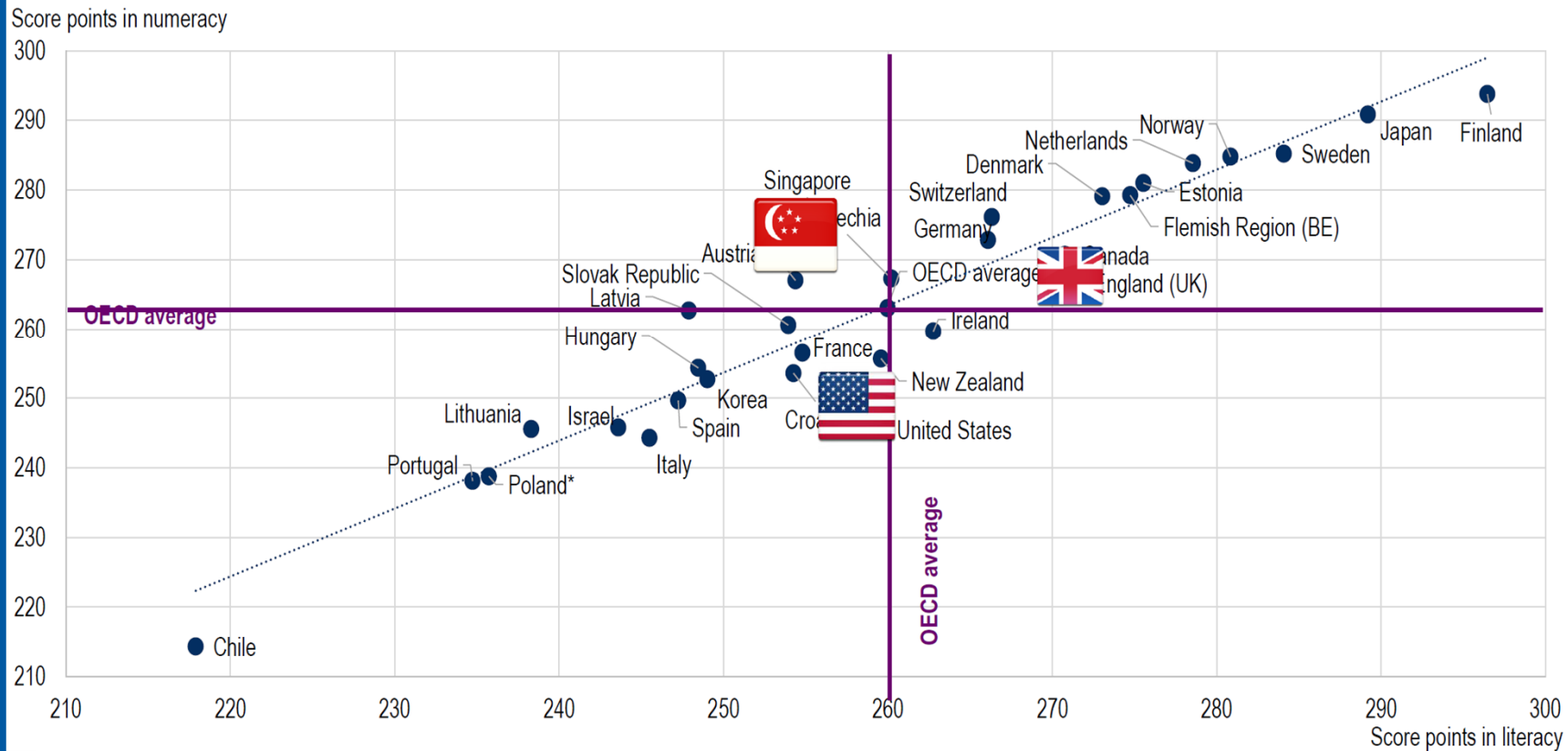


Figure 2.7 (L)

Source: OECD, Survey Of Adult Skills

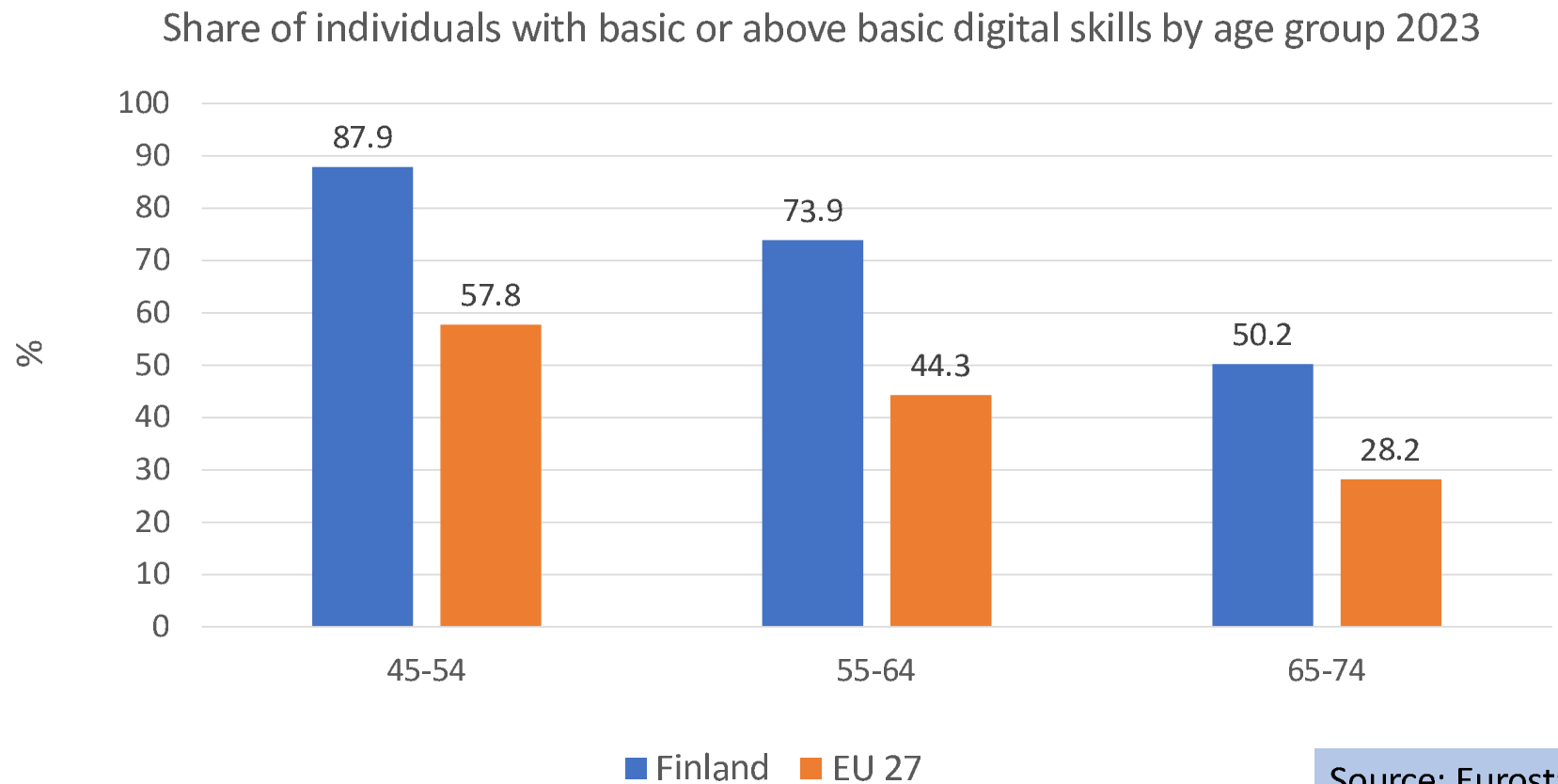
... correlates with numeracy

Comparison of countries' and economies' average proficiency in literacy and numeracy



Source: OECD, Survey Of Adult Skills

Catchup is needed on digital skills



Source: Eurostat

How and why to keep the elderly workers?

How to keep the elderly workers?

- “**Remote work** encouraged some older people with disabilities to reenter the labor force and allowed others to switch jobs instead of exiting work” (Liu & Quinby 2024).
- “High involvement management practices that enrich work and increase workers' control through **employer-provided training, teamwork, and information sharing** are related positively to expected retirement age” (Böckerman et al. 2025).
- “Not having appropriate access to organizational **work–life balance policies**, or having an organizational culture which discourages this access, is associated with negative work attitudes and performance, including employee turnover” (Brough et al. 2009).
- “older workers with higher levels of work ability and lower perceptions that in their environment there are **age stereotypes**, desire to work longer, and in turn stay engaged at work (Vignoli et al. 2019).
- “job dissatisfaction arising from **adverse working conditions** is significantly related to intentions to retire” (Böckerman & Ilmakunnas 2020)

Why to keep the elderly workers?

- Declining working-age population means more competition on workers.
- Regulation, norms and reputation.
- Balanced age structure in the workplace.
- The experiences of the elderly are especially valuable in tasks where human capital complements automation.

Why elderly workers stay longer?

- Money, social contacts
- Health, ability
- Interesting and less often physically demanding jobs
- Higher yield for educational investments
- Retirement reforms (monetary incentives are less effective than retirement age changes)

Conclusions

- Changes in the nature of work — such as industry structure, professions, and tasks — have enabled the elderly to remain in the workforce longer. This has interacted with better education occurred without a deliberate plan.
- Solutions to the possible future skill mismatch: education/training, reallocation of tasks, or mobility of workers?
- Flexibility is also essential, including in working hours, remote work, and contract work.
- Interventions or practices that employers implement to promote elderly employment should consider the cost-benefit ratio for the firms involved. It's crucial to find strategies that benefit both the workers and the companies alike.

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Thanks!

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