

Executive summary

The green transition, the digital revolution and rising longevity are the main global trends transforming traditional career paths and influencing a shift towards more fluid and diverse career trajectories. As a result of these profound transformations of the economy and society, it has become more common to hold several jobs or even careers throughout individuals' lifetimes. Yet, conversations and policies concerning career mobility and progression are often directed towards younger workers in the earlier stages of their career, given their proven effects on wage growth.

New evidence presented in this report demonstrates that promoting *career mobility* – defined as job changes within or across firms and occupation – over the lifecycle can benefit older workers by lowering the substantial costs associated with unwanted job loss, matching better their jobs with their evolving caregiving and health needs, and helping them transition out of low quality and less productive jobs. Facilitating good mobility calls for a life-course perspective and for government and employer-led policies that help individuals build their competencies and capabilities and remain healthy and active throughout their lives.

Better career choices at all ages can lead to more satisfying careers and longer working lives

Older workers represent a growing share of the labour market. By 2050, it is projected that one in six workers will be over the age of 65 on average across OECD countries. Therefore, improving the career choices of mid-career and older workers is vital for a well-functioning labour market. This report suggests that better choices and opportunities to switch jobs in midlife can support longer working lives. There is a positive correlation between mid-career mobility and labour market attachment later in life on average across OECD countries for which there are available data. The likelihood of a 60-year-old still being employed is about 62% if they experienced a job change aged 45-54. In contrast the likelihood that a 60-year-old is still employed who did not experience a mid-career job change is about 54%. Similarly, older workers, particularly women are less likely to consider retiring early if they experienced a mid-career job change compared to workers who did not. Yet job mobility falls rapidly with age from around 17% of workers under the age of 30 changing jobs annually to around 7% by age 45.

Voluntary mobility can yield benefits for older workers

Job changes can either be voluntary – the result of a choice – or involuntary – forced due to being laid off or a company closure. Older workers who change jobs voluntarily typically experience improvements in wages and the quality of working environment in their new job, but they are less likely to make a voluntary job change compared to younger workers. On average across OECD countries with available data over the period 2010-20, workers aged 55-64 who voluntarily changed jobs experienced wage growth of 3.5% (7.4% among those aged 45-54). In contrast, older workers aged 55-64 who were forced to change job experienced an average decline in wages of just over 13% (a decline of 9% for those aged 45-54) over the

same period. Voluntary job changes in mid and later stages of a career not only help in terms of pay but can also improve job satisfaction. For instance, the 2022 AARP Global Employee Survey found that over 50% of workers who changed jobs voluntarily experienced improvements in work flexibility and mental health. Government and employer policies need to be more proactive in preparing people for change instead of only reacting when people lose their job.

Supporting transitions of older workers with low skills requires attention

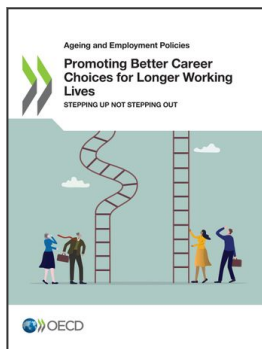
It's not just about job quantity but also job quality. Unfortunately, many older workers are in low-skilled jobs with poor working conditions (such as exposure to hazards or a poor working environment). Therefore, policies can do more to help them transition to better paying and good quality jobs to minimise the risk of early labour market exit. Unfortunately, low skill workers, in particular, are less likely to benefit from job changes. On average across OECD countries about 60% of workers aged over 45 working in a low skill occupation who change jobs will switch to another low skill occupation and will experience minimal wage progression on average. However, the share of transitions between one low skill job to another as a proportion of all transitions of those aged over 45 also varies widely across countries, ranging from over 40% in Portugal, Spain, Poland, and Hungary to less than 15% in Sweden, the Netherlands, Switzerland and Norway. This illustrates the importance of structural and personal barriers to mobility and the role that governments and employers can play in facilitating better career choices for older workers.

Government and employer policies can lower barriers to career mobility

Despite the many benefits of voluntary career changes, there are also many barriers to changing jobs. Persistent age-discrimination, skills-gaps, costs of geographic mobility, and institutional policies are some of the barriers that stifle workers' ability to transition seamlessly between jobs. The most cited barriers to mobility referred to by workers in a 2023 Generation/OECD survey were: age discrimination (44%); job location (33%); and scarce job opportunities (22%). But even some government policies and some employer practices can also inadvertently reduce mobility (e.g. occupational licenses and non-compete agreements). The effects of structural barriers are often compounded by skill and information gaps. The Global Employee Survey found that 20% of workers aged over 45 needed more information on the type of jobs they would enjoy and an assessment of their skills and competences to help them make a job change.

Changes in employer and government policies can help facilitate career advancement for all workers, particularly those trapped in cycles of low-quality job changes. Career advice and experiential opportunities (e.g. job shadowing) can help older workers who see their confidence in job search decline with age. Policies such as occupational licences can also be evaluated against their objectives taking into account their effects on mobility. Often the consequences for mobility can be ameliorated; for example national and regional governments can improve the portability of occupational licenses by implementing reciprocity agreements.

Within-firm mobility is a key component of overall wage growth for all workers (representing about two-thirds of overall wage growth) and this can generate benefits for older workers and their employers by improving job matches and facilitating knowledge transfers between generations. However, the pathways for internal mobility are often not clearly defined for older workers who are 17 percentage points less likely to reflect on their career goals and aspirations compared to workers aged 35-44 according to the 2022 AARP Global Employee Survey. Changes in preferences, health and caregiving obligations can also open a gap between current and desirable job conditions. Tools such as mid-career reviews can encourage older workers and their managers to identify mobility and training pathways that can improve older workers' retention and satisfaction within the company. Last but not least, working-time flexibility is increasingly important for workers at all ages and enabling older workers to transition to fully remote or hybrid work arrangements can make balancing work and outside commitments more manageable.



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