WORK AND DIGITALISATION 06.03.2023 | Inga Sabanova

Who is really fit for the digital age?

Demographic change in Europe has made mature women a vital part of the workforce. Meeting their needs must be part of the digital transition

The European Commission has declared 2023 the 'European Year of Skills'. In her annual State of the Union (SOTEU), Ursula von der Leyen reaffirmed that the future of competitiveness of the European economy continues to depend on the investment in human capital. Against the backdrop of disruptive developments in automation and AI technologies, this focus on digital skills is far from new for the European agenda. The notion that education is falling behind technological progress has been pervasive throughout numerous European programs and action plans for more than a decade, echoing recommendations of the business sector.

Digital transformation is not occurring at the same rate across nations, industries, or organisations. While there is a lack of clarity on which skills will be required in the near future, emerging evidence suggests that the increasing automation will inevitably result in 'job polarisation', eroding middle-ground jobs and leading to a greater economic disparity between highly-skilled jobs and low-skilled jobs that are too expensive to automate. This, in return, might have negative effects on the increasingly ageing labour force in Europe – particularly on older women.

An ageing workforce

According to the ILO, in 2070, there will only be two persons of working age for every worker who is 65 or older – currently, there are more than three. In a majority of European countries, the proportion of mature workers (55-64 years old) will rise to 55 per cent of the total labour force between now and 2030, with older women representing the fastest-growing age-gender segment.

This demographic change towards a growing older population makes mature workers – especially older women – an important part of the total workforce, with a substantial economic contribution to society. However, to realise this potential, older workers (both women and men)

urgently require more flexibility and support in adapting their professional profiles to new market demands.

Already today, older people face various challenges in accessing employment and employer-paid training.

Based on the Digital Economy and Society Index 2022, only 54 per cent of Europeans aged between 16-74 years have at least *basic* digital skills. The percentage for older adults is significantly lower. Furthermore, in the next decade, digitalisation is expected to accelerate the obsolescence of older workers' skills, as the age gap in the use of digital technologies increases with their complexities.

Already today, older people face various challenges in accessing employment and employer-paid training. While the last two decades have been marked by a steady increase in the employment of people aged 55-64 years, many mature workers continue to experience discrimination and negative stereotyping on the part of employers, who view older workers as less capable, less productive, less adaptable and less innovative than their younger peers. Because of this, in many instances, mature workers are more likely to be long-term unemployed when they lose their job than any other age group.

A gender pension gap

Older women tend to experience an even higher degree of marginalisation and disadvantage across social and economic domains than older men. This happens because they tend to have more diverse and less regular employment histories than men: part-time work continues to be mainly undertaken by women; women receive on average a lower hourly wage; and women tend to have career breaks due to caring responsibilities. As a result, these factors translate into a gender pension gap, which is significantly larger than the gender pay gap. While women on average earn 13 per cent less per hour than men, in 2022, the gender pension gap stood at 30 per cent across the EU.

Principle 15 of the European Pillar of Social Rights states that women and men shall have equal opportunities to acquire pension rights and that everyone in old age has the right to resources that ensure living in dignity. But in reality, the proportion of female pensioners at risk of poverty is significantly higher than the rate for male pensioners across the EU. The same fate seems to await today's younger women once they will reach the mature workers' age.

Strong worker support should be a priority for the future of an increasingly ageing labour force in Europe.

To address the needs of mature workers and the current challenges of digital skills required for the future, there is a clear need to seek alternative and innovative solutions in the realm of public and economic policy. These solutions must take into account the realities of an ageing Europe, address the needs of individual workers and pay special attention to the issues faced by the older working women generation.

The authors of *the Death of Human Capital? Its Failed Promise and How to Renew It in an Age of Disruption,* summarised the current need to rethink conventional economic thought well by stating that:

'*given today's inequalities and underutilisation of human capabilities, the race between education and technology will not be won by training people for high-tech jobs but by reimagining education, work, and the labour market in a fundamentally different economic and social world.'*

In the equation of the demand and supply for a well-trained skill force, the focus should not solely be on a talent shortage as a result of the rapid technological change across different industry sectors. Instead, policy-makers should focus on finding new sustainable ways of promoting multigenerational workplaces backed up by a concrete commitment of employers. What is more important, strong worker support should be a priority for the future of an increasingly ageing labour force in Europe, by achieving fair pay and decent working conditions, physical and mental well-being and work–life balance.



Inga Sabanova

Dr Inga Sabanova is a Policy Officer at the FES Competence Centre on the Future of Work, where she is managing a portfolio of projects examining how emerging workplace technologies are shaping the future of work, and how inequalities related to gender, migration, age and social class persist and evolve in a technologically driven workplace. Inga has more than 10 years of experience in policy research, academia and managing multi-stakeholder projects for EU institutions.