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Aged society can contribute to growth

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Aged society can contribute to growth

MALAYSIA is heading to be an "aged society" in two decades, but the country needs productive economic growth. So, let us count on our treasured aging population in keeping with the 2030 Sustainable Development Goals (SDG) agenda, with a particular focus on the most vulnerable – older persons.

With 7% of our society already having reached 65 in 2020, we are, in the eyes of the Economic Cooperation and Development Organisation, a country with an "aging society" and soon to be an "aged society" post 2044, when the percentage will go above 14%.

Although it is commended that the proposed new Employment Act has uplifted the contribution of women in society, there was no inclusive mention of older persons. A plethora of studies have indicated that an ageing population does provide significant prospects for sustainable development related to the economy, labour market and society.

Contrary to the rhetoric that increased employment among older workers negatively affects employment prospects of younger workers, the World Bank has noted pertinent international data for Malaysia with no such evidence.

In fact, if more Malaysians aged 50 to 64 were actively engaged in the labour market, it can help address talent shortages, which the country is facing as noted by the World Bank.

In Sweden, empirical evidence suggests engaging an older workforce does not mean a loss in productivity. On the contrary, it rapidly expanded. Meanwhile in the UK and Kenya, a 2017 study found that older persons readily contribute to an entrepreneurial ecosystem, while embracing new technologies – which most Malaysian seniors can attest to by their postings on social media.

In terms of social capital – of working together to serve a common purpose of equality and equity for all – older workers are often crucial sources of history and wisdom, caretakers of culture, sources of social traditions, are informed and skilled – which can critically complement the Millennials.

A United Nations (UN) study found that by recruiting older persons in rural areas, expertise in farming practices and knowledge in handling environmental degradation were often displayed – indeed vital sustainable development knowledge for plantation companies.

As for economic development, studies have suggested that older persons can make a difference in terms of significant contributions to the economy, beyond their retirement age. It was found in the UK that the older people's higher tax contributions, while maintaining their consumption patterns, far outweighed government expenditure on them via combined pensions, welfare and healthcare.

SUSTAINABLE DEVELOPMENT GOALS

.If Malaysia intends to be a caring SDG-oriented nation, it must walk the talk. We do not have to go far, but just look at Singapore. Twenty five per cent of its population is forecasted to be aged 65 and older by 2030, according to the Asian Development Bank statistics. But its labour policies towards older persons is magnanimous.

In fact, Singapore have clear and specific notations in a separate Retirement and Re-employment Act. Employers are not allowed to dismiss any employee based on age. Instead, employers must offer re-employment to eligible employees who turn '62 (the retirement age in Singapore), up to age 67, to continue their employment. There exists a tripartite guideline on the re-employment of older workers, which employers must always refer to.

And there are also options for re-employment opportunities by another employer if the current employer is unable to re-employ them. If the employer has considered all available re-employment options within the company and is still unable to identify a suitable job, it may offer an Employment Assistance Payment (EAP). This is considered a last resort employment assistance payment – equal to a one-off payment corresponding to 3.5 months' salary – subject to a minimum of S$5,500 (RM16,000) to a maximum of S$13,000 (RM50,000).

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But what is commendable is for older persons earning less than S$4,000 (RM12,000). Under a government funded scheme called "Special Employment Credit" (SEC), 'all Singaporean employees aged 50 above, earning up to S$4,000 (RM12,000) monthly will receive a SEC of up to 8% of the employee's monthly wages – a plus point for the B40 and M40 group. The icing on the cake: Employers who voluntarily re-employ older persons who are 65 and above will receive an additional offset of up to 3% of an employee's monthly wages. Compare that with here, where employers only need to contribute a mandatory 4% of the employee's monthly salary to the Employees Provident Fund (EPF).

Sadly, as the UN has indicated, older persons do not benefit systematically from development gains in all contexts of policy development. They tend to be overlooked in policy discourse, and their needs and rights are often inadequately addressed.

Lest we forget, post Covid-19, poverty in Malaysia has become a prevalent matter for many households, characterised by income insecurity, especially after the multitude EPF withdrawal schemes.

As noted by the International Labour Organisation, eradicating old age poverty requires the will and courage of all concerned, especially in providing social protection and benefits appropriately.

As the UN succinctly puts it: "Older persons must be recognised as the active agents of societal development in order to achieve truly transformative, inclusive and sustainable development outcomes."

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