

How to ensure older workers fully participate in the recovery after the pandemic

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As economies ease restrictions on businesses, many workers will be called back to work but those deemed to be at elevated health risks may be asked to stay away for longer or to not return.

Older persons, defined as those aged 55 and over, are considered a high-risk category because they might develop medical complications or take longer to recover.

Governments and employers both have a responsibility to ensure that older workers do not face employment discrimination due to their age and perceived vulnerability to the effects of the COVID-19 virus.

What policies and actions can reduce the risk to older workers becoming unemployed or cushion their transition to new sources of employment during and after the pandemic?

Older persons are the fastest growing demographic group in the OECD member countries. During the past decade, their labour force participation rose by eight percentage points to reach 64 per cent in 2018, the largest increase of any age group. This increased labour participation contributes to GDP growth and improves income security for their future retirement. They also make up an important segment of the labour force in lower and middle income countries where formal employment and pension coverage is less common. Most instead rely on informal work for their income.

Recent history suggests that less educated older workers are more disadvantaged in the context of crisis and recession. In the aftermath of the Great Recession of 2007-2009, unemployment rates for older and younger workers skyrocketed. Many lost stable employment and found themselves in more precarious work situations with lower earnings. However, older workers needed longer to find new work.

Some opted to exit the labour market altogether and stopped looking for work. Others had to accept more precarious, informal employment. This came with long-term consequences, such as losses in savings, pension income and life quality, and the obligation to work longer than planned. The employment effects of the pandemic today are appearing to be even more severe, suggesting that older workers may again be hit hard.

What can be done?

Helping older workers to keep their jobs is not about compassion. It is about not wasting a valuable resource and also protecting these workers from discrimination in the workplace. In the context of the COVID-19 crisis, countries should take the lead and provide sick leave, paid family leave, and health insurance through government programmes rather than leaving these to the discretion of employers.

If we are to benefit from the value that older workers can bring to the workforce, businesses will also need to rethink their commitment to things like flexible hours and retraining programmes.

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Governments also will likely find it less costly to keep an older worker employed than to support them to find new employment. They may need to provide additional incentives to retain them or include exemptions from paying pension contributions during quarantine. They could also encourage technical training and support for teleworking.

In the informal economy, short-term aid programmes to small businesses that focus on maintaining jobs may be effective, particularly for self-employed older persons. Help can also come in the form of cash transfers to informal workers temporarily out of work.

We will also need to rethink our concept of education, to place greater emphasis on lifelong learning. Older workers who do lose their jobs may need to develop new skills to compete in a tight job market. Extending unemployment insurance while funding short-term training programmes can help the unemployed to find another job. Subsidized on-the-job training can be effective as well.

Older workers have accumulated a lifetime experience of skills and knowledge. As the world returns to work under COVID, we should not lose sight of their significant value to employers and the economy.