Issues and Challenges of Demographic Changes and Active Ageing Participation in Malaysia

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1. Introduction

2. Outlook on the aged Malaysian economy

3. Active ageing issues, challenges and potential

4. Conclusion
Changes in Population Age Structure in Malaysia

- **Malaysia’s total fertility rate (TFR) has been at a below-replacement level since 2013, and in 2020 stood at 1.7.**
Malaysia is ageing...

2022
Malaysia: 11.1% [Ageing]

2030
Malaysia: 15.3% [Aged]

2050
Malaysia: 26.7% [Hyper-aged]

Sources: WHO, DOSM, (2022)
Consumption and Labor Income by Age, Malaysia 2016

Per capita value [RM]

AGE

- Consumption
- Labor income
Living longer but, with illness...

<table>
<thead>
<tr>
<th>YEAR</th>
<th>Mandatory Retirement Age</th>
</tr>
</thead>
<tbody>
<tr>
<td>2001</td>
<td>From 55 to 56</td>
</tr>
<tr>
<td>2008</td>
<td>58</td>
</tr>
<tr>
<td>2012</td>
<td>60</td>
</tr>
</tbody>
</table>

**Source:** DOSM, various years; United Nation, 2022

<table>
<thead>
<tr>
<th>YEAR</th>
<th>Life expectancy at Birth</th>
<th>Healthy Life expectancy at Birth</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000</td>
<td>70</td>
<td>2000: 7.4 2019: 7.9</td>
</tr>
<tr>
<td>2019</td>
<td>62.6</td>
<td>2000: 7.4 2019: 7.9</td>
</tr>
<tr>
<td></td>
<td>72.4</td>
<td>2000: 7.4 2019: 7.9</td>
</tr>
<tr>
<td></td>
<td>64.5</td>
<td>2000: 7.4 2019: 7.9</td>
</tr>
<tr>
<td></td>
<td>74</td>
<td>2000: 8.5 2019: 10.5</td>
</tr>
<tr>
<td></td>
<td>65.5</td>
<td>2000: 8.5 2019: 10.5</td>
</tr>
<tr>
<td></td>
<td>66.9</td>
<td>2000: 8.5 2019: 10.5</td>
</tr>
</tbody>
</table>

What is needed: access to medical assistance and adequate social services to prevent certain illnesses connected with old age.

High incidence of non-communicable diseases and age-related health problems.

**Source:** UN population data, WHO data.
New challenge:
The shift in age structure of the population and the growing proportion of the population are experiencing NCDs

The increasing trend – perhaps due to increasing health expenditure and demand for wealth

Share of the aggregate consumption of youth and elderly

Authors’ calculation. Projected years based on 2021 UN projected population and NTA 2016 consumption age profile
Outlook on the Aged Malaysian Economy

The outlook:

- Demographic changes in Malaysia are associated with slower growth
- And perhaps an increasing burden of care (Walker, 2002)

Policy Intervention:
- Gains from longevity can be maximized and costs of a greying society can be minimized by focusing on health and productive ageing – i.e. allowing older persons to remain active and productive (Barret & McGoldrick, 2013; WHO, 2002),

Authors’ calculation. Projected years based on 2021 UN projected population and NTA 2016 consumption age profile
Active Ageing

The “continuing participation in social, economic, cultural, spiritual, and civic affairs, and not just the ability to be physically active or to participate in the labour force”

[WHO Active Ageing Policy Framework, 2002]

(1) The goal: to optimize opportunities for health, security, participation, and lifelong learning to enhance the quality of life as one ages. Positive narrative focused on healthy and active ageing.

(2) The AAI domain: measure potential of older persons for active and healthy ageing (a) employment; (b) participation in society; (c) independent, healthy and secure living; (d) capacity and environment for active ageing.

The contribution of older persons:

Beyond physical activities and continuing employment, older persons provide care and household management (Barret & McGoldrick, 2013; WHO, 2002)
## Elderly as economically active population, 2021

<table>
<thead>
<tr>
<th>Age Grp</th>
<th>Population</th>
<th>Labor Force</th>
<th>Employed Person</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>15–19</td>
<td>2,685.90</td>
<td>829.40</td>
<td>717.60</td>
<td>0.27</td>
</tr>
<tr>
<td>20–24</td>
<td>2,879.00</td>
<td>2,094.40</td>
<td>1,877.00</td>
<td>0.65</td>
</tr>
<tr>
<td>25–29</td>
<td>2,915.10</td>
<td>2,789.20</td>
<td>2,628.10</td>
<td>0.90</td>
</tr>
<tr>
<td>30–34</td>
<td>2,841.60</td>
<td>2,336.70</td>
<td>2,266.10</td>
<td>0.80</td>
</tr>
<tr>
<td>35–39</td>
<td>2,740.50</td>
<td>2,156.70</td>
<td>2,111.80</td>
<td>0.77</td>
</tr>
<tr>
<td>40–44</td>
<td>2,185.90</td>
<td>1,710.10</td>
<td>1,683.20</td>
<td>0.77</td>
</tr>
<tr>
<td>45–49</td>
<td>1,898.00</td>
<td>1,410.50</td>
<td>1,381.50</td>
<td>0.73</td>
</tr>
<tr>
<td>50–54</td>
<td>1,731.90</td>
<td>1,162.40</td>
<td>1,137.60</td>
<td>0.66</td>
</tr>
<tr>
<td>55–59</td>
<td>1,539.00</td>
<td>845.60</td>
<td>829.20</td>
<td>0.54</td>
</tr>
<tr>
<td>60–64</td>
<td>1,269.20</td>
<td>462.10</td>
<td>432.10</td>
<td>0.34</td>
</tr>
<tr>
<td>Jumlah Total</td>
<td>22,686.1</td>
<td>15,797.2</td>
<td>15,064.2</td>
<td></td>
</tr>
</tbody>
</table>

Person (‘000) & percentage share (%) by Age Group, Malaysia, 2021
Why seniors should remain in the labor market?

- **Inline with SDG 8:**
- **Soften the impact of population ageing:**
  To contribute to financing services to older persons
- **Poverty alleviation strategy:**
  To increase the surplus of working group – i.e. self financing old age deficit, which serves as an aged poverty alleviation strategy
- **Psychological benefit:**
  To reduce the impact of social isolation in older people

Some Malaysian elderly continue to work to finance part of their consumption

- Labor income finance less than 20% of elderly consumption
- About 56% of older persons work to support their livelihood [ILMIA, 2019]
# Reasons for Working After Retirement

<table>
<thead>
<tr>
<th>Reasons for working</th>
<th>Sex</th>
<th>Education attainment</th>
<th>Length of retirement</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Male</td>
<td>Female</td>
<td>Secondary</td>
</tr>
<tr>
<td>I need money to support my living</td>
<td>40.4%</td>
<td>28.6%</td>
<td>49.2%</td>
</tr>
<tr>
<td>I need extra money for leisure activities such as vacation</td>
<td>7.5%</td>
<td>7.9%</td>
<td>7.7%</td>
</tr>
<tr>
<td>To keep my life organized</td>
<td>28.0%</td>
<td>25.4%</td>
<td>29.2%</td>
</tr>
<tr>
<td>To maintain my social network</td>
<td>14.3%</td>
<td>12.7%</td>
<td>12.3%</td>
</tr>
<tr>
<td>I prefer to do meaningful work</td>
<td>32.3%</td>
<td>44.4%</td>
<td>30.0%</td>
</tr>
<tr>
<td>I enjoy working/ running a business</td>
<td>34.8%</td>
<td>39.7%</td>
<td>38.5%</td>
</tr>
<tr>
<td>To learn new things</td>
<td>4.3%</td>
<td>7.9%</td>
<td>3.8%</td>
</tr>
<tr>
<td>I want to keep busy</td>
<td>31.1%</td>
<td>15.9%</td>
<td>32.3%</td>
</tr>
<tr>
<td>I want to utilize my skills</td>
<td>29.8%</td>
<td>31.7%</td>
<td>23.8%</td>
</tr>
<tr>
<td>To continue contributing to society</td>
<td>28.0%</td>
<td>41.3%</td>
<td>25.4%</td>
</tr>
</tbody>
</table>
Barriers to Employment

- Stereotyping of aged workers: 4.0%
- High salary to be paid by employers: 7.1%
- Employers are reluctant/ not interested of employing retirees: 7.9%
- Requires re-training: 8.4%
- Family disapproval: 9.9%
- Skills possessed do not match with market demand: 10.4%
- Costs versus benefits of going back to work: 12.7%
- Non-flexible working arrangement: 13.9%
- Working environment is not suitable for senior citizens: 15.8%
- Age limit: 49.4%
- Health: 55.3%

Source: Retirement Preparedness and productive ageing, 2017
Older Persons Involvement in Active Ageing Activities

Source: Active Ageing Index, 2022
Care Activities and Community Engagement among Public Sector Retirees

Care and support provided for family members and mean time spent per week

Source: Retirement Preparedness and productive ageing, 2017
Barriers to Community Participation

- Worried of being exploited: 2.1%
- Unsafe environment: 3.9%
- Age discrimination: 4.3%
- No transportation: 5.1%
- Political differences: 5.5%
- My family does not want me to work: 8.0%
- DO not like to mix with other people: 9.5%
- No relevant skill: 10.9%
- Far from residential area: 11.8%
- No motivation: 13.9%
- No opportunity: 19.4%
- To fulfill family responsibility: 24.5%
- I want to rest and focus on spiritual/religious activity: 26.5%
- Age limit: 28.7%
- Due to my health problem: 60.5%
- I want to rest: 62.5%
Malaysia is ageing and projected to be economically affected by changes in the demographic structure.

Currently, the size of labour force is still large, but the size of older persons is getting larger.

Priority of public policies generally remain on developing human capital, providing productive employment and better job for the population, but need to pay more attention to the ageing trend.

Active ageing promotes the idea that individuals can continue to be valuable members of society, regardless of their age, and help to challenge negative stereotypes about ageing, by staying active and productive.
If the earlier life stages are taken care off, ageing journey would be inclusive and meaningful.

Ageing journey [consequently, opportunities and challenges] is mostly determined by one’s lifestyle. So policy intervention should adopt of life span approach to ageing with specific target for different population segment.

1. **Children and youth**
   - Developing human capital [**Focus**: the first 1000 days of life; education and life skills; health and nutrition] ➔ Policy on education, healthcare, food and nutrition

2. **Working age**
   - Employability [**Focus**: skills, competency, future proof worker – technology adaptation, productivity] ➔ Increase GDP through increase productivity
     Economic policy, employment creation, Labor market intervention
   - Prepare ageing readiness for young workers [**Focus**: preventive Saving and Investment

3. **Older persons**:
   - Ensure older people to remain well, employed, engaged and thereby increasing healthy life expectancy and reduce the demand for long-term care services.

**Conclusion and Way Forward**
Acknowledgement:
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