

Malaysia on Ageing Population Labour Participation

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Abstract

The main aim of this paper is to present the reviews of the recent literature related to the labour participation of the ageing population. Taking into consideration of the human population worldwide is rapidly ageing and the socioeconomic climate is continuously shifting, a number of governments recognise the critical nature of the economic welfare of the elderly. In the context of Malaysia, the increasing trend of the ageing population will eventually render the country into an aged nation by 2030. Given this expanding demographic, it demonstrates an effective management in Malaysia's health-care system, however, additional consideration is necessary concerning the economic welfare of these elderly individuals. A thorough analysis of the most recent literature chosen from both research papers and academic publications, with additional information from relevant internet news outlets and channels intended to extract and further examine the most recent have been reviewed. This paper anticipates exploring the labour participation of elderly individual as an initiative to empower their economic welfare.

Keywords: Ageing Population, Labour Participation, Financial Saving, Poverty, Productive Ageing

Introduction

This paper presents the discussion on the labour participation of the ageing population. The World Health Organisation (WHO) defined an ageing society as one in which over 7% of the population is 65 or older. Malaysia is set to be on the path to establish more aged friendly cities. The population ageing is established as the changes in the age structure of the population that lead to a rise in the proportion of elderly individual. Elder shares are increasing globally because of declining fertility, increasing longevity, and the progression of large-sized cohorts to older ages (Bloom & Luca, 2016; Land & Lamb, 2016; R. Lee, 2016; Légaré, 2015). Accordingly, population ageing is a phenomenon that should not be overlooked due to the extensive social, economic, and cultural implications in which it presents to individuals, families, and society (Koris et al., 2019). Corresponding to Bass and Caro (2003), productive ageing promotes elderly individuals to preserve economic stability,

social connections, and a sense of rationale during their later years of life (in addition to K. Lee, 2018; Thanakwang & Isaramalai, 2013; Vozikaki et al., 2017). On the contrary, elderly individuals with limited financial support would then have restricted availability to food, shelter, health care, and social inclusion which would then affect their overall quality of life (World Health Organization, 2007b). In accordance with a recent study concluded by Aznan et al. (2019), the rising unemployment of elderly individuals would result in financial strain seeing as these group would further continue to rely on others. For this reason, empowering elderly individual through safeguarding their economy with labour-force participation in addition to their engagement could further constitute one of the long-term social and financial solutions for Malaysia's ageing population. Thus, that of a nation should embrace demographic shifts as a prospect to thrive.

Background of the Study

The ageing population is the current most pressing demographic challenge. Elder shares are expanding over the world due to decreased fertility and increased lifespan, as well as the growing population size of advanced age. Changes in employment, savings, consumption, economic growth, asset values, and the fiscal balance resulted as a result of this occurrence. The world today is experiencing a significant transformation that focuses on population age structure, with considerable societal and policy implications. This demographic transition might affect labour force participation and savings rates, raise health-care costs, and put a pressure on pension and health-care plans. Malaysia has experienced an acceleration in the intensity of demographic transition in recent years, attributed to a precipitous substantial reduction in fertility and a steady increase in life expectancy. Accordingly, 2030 is to be the transition point for Malaysia to avert into an ageing society, as indicate by the international convention as having 7 percent or more of the population aged 65 and above. Thus, Malaysia is expected to gradually be aged in a rapid pace in the long term.

Corresponding to the global scenario, Malaysia, as a developing country, is seeing an increase in the number of elderly people (Abdul Hamid, 2019; Adnan, 2017; Harun, 2017; Christina & Yuen, 2017; Muhammad Nur et al., 2017; Abdul Rashid et al., 2016; Momtaz et al., 2016; Melissa, 2015; Mohd et al., 2015; Abdul Rashid, Azizah, & Rohana, 2014; Mohd, 2014; Yusof & Zulkifli, 2014; Jamaluddin & Foo, 2013; Zawawi, 2013; Abdul Hamid, 2012; Kong, 2012; Chan et al., 2010; Doris, Idris, & Abu Bakar, 2010; Masud et al., 2006; Poo & Doris, 2005; Mat & Md. Taha, 2000; Doris & Abu Bakar, 1999). In detail, the proportion of Malaysia's aging population has been depicted in Figure 1 from 2010 to 2040. Up until the year 2020, it was anticipated that the total number of older adults would grow to 3.3 million, making up around 11% of the overall population (Abdul Hamid, 2019).

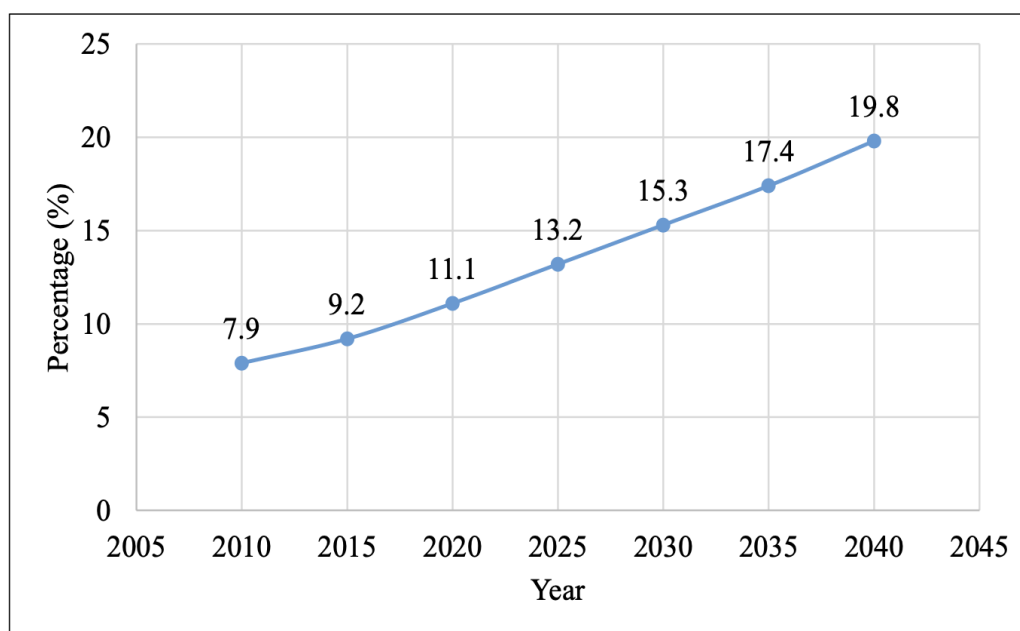


Figure 1: Percentage of Malaysian Ageing Population from 2010-2040 (Estimated)

Source: Abdul Hamid (2019)

Previously, Mat and Md. Taha (2000) presented their paper at the 21st Population Census Conference 2003 in Kyoto, Japan, and had emphasised the growing tendency of the proportion of elderly people in this nation from 1960 to 2010. Further intricacies of this growing tendency are shown in Table 1.

Table 1

The Past, Present and Future of the Ageing Population in Malaysia (1960-2010)

Year	Number of Elderly Individuals ('000)	Percentage of Elderly Individuals from Total Malaysia Population (%)
1960	386.6	4.8
1970	546.1	5.2
1980	745.2	5.7
1991	1032.3	5.9
2000	1398.5	6.3
2010	2134.9	7.4

Source: Mat and Md Taha (2000)

Note: In 2014, the number of elderly people has reached 2.653 million (National Population and Family Development Board Malaysia, 2016)

In the year 1960, overall share of the proportion of elderly people was about 4.8 percent (386.6 thousand), as indicated in Table .This number subsequently climbed to 6.3 percent (1.3985 million) in 2000 and 7.4 percent (2, 134.9 million) in 2010. The number of elderly Malaysians is likewise steadily growing over the following year. In accordance with the United Nations (2017b), the Malaysian ageing population in the year 2016 stood over 3.1624 million (10% of the total 31 624 million Malaysian population). This proportion is predicted to rise by 15% by the year 2030. As a result of this predicament, this country is expected to develop into

an aged nation (United Nations, 2017b; United Nations, 2009). Granted, the percentage of elderly people is anticipated to climb to 17.4% and 19.8% in 2035 and 2040, respectively (Mohd Salleh, 2017). As illustrated in Figure 2.3, it depicts the rate of increase of the elder population more so than the pace of growth of the entire Malaysian population during a thirty-year period, beginning in 1991 and ending in 2020. To summarise, the growth rate percentage of the elderly may be larger than the growth rate percentage of the Malaysian population as a whole. Somewhat as practical matter, it could have been stated that the number of elderly people is continually increasing, whereas the overall population of Malaysia is feeble. In the case that if growth rate difference continues to widen, it is therefore inevitable that the number of elderly Malaysians will outnumber the total Malaysian population.

Methodology

The primary objective of this article is to present a critical analysis of relevant published papers pertaining to the labour participation of the ageing population and the present strategies that have been employed by the government to promote the participation of the elderly individuals in the labour market in Kota Kinabalu, Sabah. This study specifically intended to emphasise the primary findings and issues that have been explored and raised by the reviewed papers from the topic of research on social gerontology and economics. A thorough analysis of the most recent literature chosen from both research papers and academic publications, with additional information from relevant internet news outlets and channels intended to extract and further examine the most recent insights that can be gained from them. This approach made it possible to comprehend the issues that are currently being discussed and, as it stands, to highlight some important measures that will be needed to combat the population ageing phenomenon in the aftermath.

Issues and Challenges Encircling Malaysian Elderly Individuals

Various concerns and obstacles have been observed on the global basis that have resulted in the physical and psychological desertion of the elderly population. Although, according to Harun (2017), increasing prevalence of the physical and psychological desertion impedes these elderly people's well-being. That might had transpired throughout any random setting, including their home, hospital, nursing home, and otherwise community. Poverty (He, Goodkind, & Kowal, 2016; United Nations, 2015a; United Nations, 2013; Dominy & Kempson, 2006; UNFPA, 2002a; UNFPA, 2002b), financial instability (Johnson, 2015; UNFPA, 2002a), labour concerns (Foster et al., 2014; UNFPA, 2002a; Samorodov, 1999) in addition to the medical issues are among those other widespread matters as well as obstacles (He, Goodkind, & Kowal, 2016; Thakur, Banerjee & Nikumb, 2014; National Institute on Ageing and National Institute of Health, 2011; Bennett & Flaherty-Robb, 2003; UNFPA, 2002a). Malaysian elderly population had experienced comparable concerns and challenges, with a number of them struggling in seclusion and enduring social marginalisation.

The Inadequacy of Financial Saving at old Age

In the even that such financial difficulties could be regarded as the insufficiency of financial savings among elderly individuals aged 60 and above, that are otherwise the inadequacy to support their basic necessities. In general, it thus involves difficulties with mundane expenditure, healthcare expenses, wellness concern, and also other social events (Doris, Idris, & Abu Bakar, 2010). As stated by Abdul Hamid (2019), elderly people enjoy considerable

assets however hold insufficient cash or income. Particularly, an increase in their longevity further complicates the issue, which demands larger costs of financial resources or a 'nest egg'. To clarify, the term "nest egg" refers to a sum of money saved for a specific purpose in the future. By all means, considering the current state of affairs in our country, the inadequacy of financial savings is encircling the existing elderly and is predicted to circle the future elderly. The absence of financial resources during old age has previously been extrapolated to produce numerous unfavourable implications on the elderly people. For starters, research has demonstrated that it can lower life satisfaction (Doris, Idris, & Abu Bakar, 2010; Mafauzy, 2000) and thus lower quality of life (Mafauzy, 2000). In the case of Malaysia, the Economic Planning Unit (2004) distinguishes quality of life as personal standards of living which extend beyond meeting individuals' basic and psychological requirements. Nevertheless, considering that the elderly people lack the appropriate financial reserves to cover even the basic demands, it is rational to assume that their quality of life is poor.

The Elderly Individuals Live in Poverty

Multiple research projects demonstrate that the elderly in this nation are impoverished (to name a few: Mohd, 2014; Masud, Abdul Hamid, & Haron, 2014; Abd Samad & Mansor, 2013; Doris, Idris, & Abu Bakar, 2010; Masud et al., 2006; Omar, 2000). As according to Abdul Rasool and Md Salleh (2012), poverty is a multidimensional phenomenon with diverse views in different civilizations. Apart from that, poverty could be separated into three groups: absolute poverty, relative poverty, and subjective poverty. Notwithstanding the significant reduction in poverty, there continue to be enclaves of struggles, many of which concern elderly people. When the expense of living continues to rise, the ratio of poor elderly people in the years to come is concerning. It has always been considered that living in poverty has a number of deleterious implications for elderly people. Poverty, by all means, could jeopardise the well-being of the elderly (Abdul Hamid, 2015).

The World Health Organization (2007b) states that while elderly individuals have a restricted source of income, their capacity to get food, shelter, health treatment, and social inclusion is still constrained. Hence, poverty could deny elderly people equitable access to their well-being. Additionally, living in poverty can lead to a loss in physical function (Wilkinson & Marmot, 2005) or physiological deficits in elderly people (World Health Organization, 2007b). For the most part, the amount of competence for elderly individuals to manage themselves, including such walking and having to wash, can be referred to as body function or physiological performance. Although while the elderly are frequently associated with deteriorating body function as a consequence of the ageing process, deterioration of body function can also be influenced by poor nutrition and inadequate health care as a result of poverty.

Productive Ageing: Employment of Elderly Individuals

Productive ageing serves both the economy and society. This occurs because elderly individuals could also contribute financially to society through the use of both official and informal labour. Productive ageing offers the opportunity for workers to preserve financial stability, social relationships, and a sense of purpose into their later years of life (Morrow-Howell et al., 2017). Along the course of Malaysia towards becoming an aged nation by 2030, Adnan (2017) noted that there are only two possible scenarios for Malaysia to curb the economic development hurdles whilst also growing into an aged nation. These scenarios include enhancing productivity or employing foreign labour. Matter of fact, employing foreign

labour forces is not always a great investment but rather might have a detrimental influence on the country. Accordingly, considering the excessive reliance on foreign labour is neither a viable option, Malaysia should instead elevate the productivity of its own citizens, including the elderly. Lim (2018) likewise advocates for elderly people's participation in labour as a feasible option to Malaysia's ageing population.

Participation of the Elderly Individuals in the Labour Workforce

According to UNFPA (2002b), elderly people would then continue to contribute to society provided that the labour-market, employment, healthcare, including social policies and programs facilitate their comprehensive participation across all activities in accordance with their capabilities, needs, and interests. As a result, to promote the rights and roles and responsibilities of the elderly individuals, distinctive emphasis should be given to their involvement in the labour market. According to Yusof and Zulkifli (2014), elderly individuals in the labour force are expected to push the country forward and to a higher level. The capacity of the elderly individuals to assist youth members across several aspects of duties is undeniable due to their expertise, abilities, and experiences. Doris, Idris, and Abu Bakar (2010) reported that the majority of elderly people with varying levels of monthly income continued to feel as if they remained physically and mentally capable of working.

The exact number for working elderly Malaysians is still highly debatable. Considering other nations, such as Europe, Oceania, and North America, on the contrary side, have seen an upsurge in the labour force participation of the elderly individuals since 1990 and is therefore expected to climb further (United Nations, 2015). Such condition illustrates the growing positive inclination towards productive ageing, which encourages elderly people to engage in the labour force. Although, with Malaysia, this position remains highly debatable, irrespective of the fact that it has been asserted that participation of elderly individuals in the labour market would be advantageous.

Conclusion

In conclusion, the inclination of Malaysian elderly individuals to participate in labour as a direct consequence of both the productive ageing culture and monetary orientations. Recognising that Malaysia is expected to transition into an aged nation by 2030, there is an urgent need to facilitate the increasing number of ageing population an expedient and constructive consideration. With regard to the elderly individuals who have been mentally and physically driven and capable, participating in labour has been shown to be one of the viable long-term alternatives.

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