

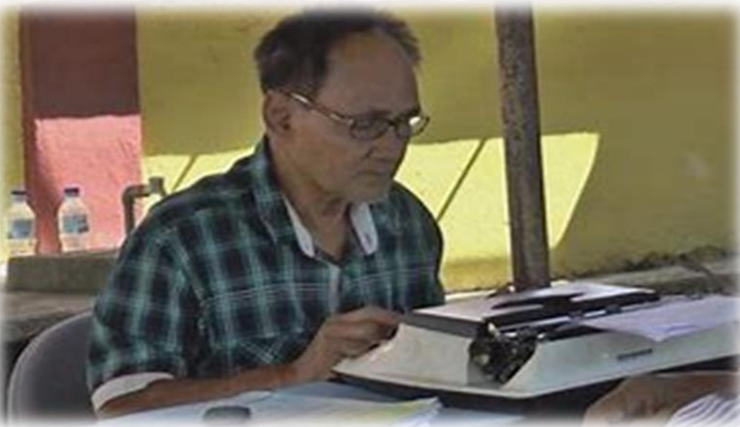


National Strategic Development Plan on Ageing Population: Inclusion and Employment of Malaysia's Ageing Population

Regional Conference on “Promoting Decent Work
for Older Persons in ASEAN+3”

27 – 28 June 2019

Bangkok, Thailand





Introduction

1

Malaysia is expected to become an aged nation by 2030

2

Policy – National Policy and Plan of Action for Older Persons

3

National Legislations – Employment Act 1955, Employees’ Social Security Act 1969, Pensions Adjustment Act 1980, Employees Provident Fund Act 1991, Care Centre Act 1993 etc.
(Ministry is conducting a study to develop older persons’ bill)

4

Regional Commitment – The KL Declaration on Ageing: Empowering Older Person in ASEAN

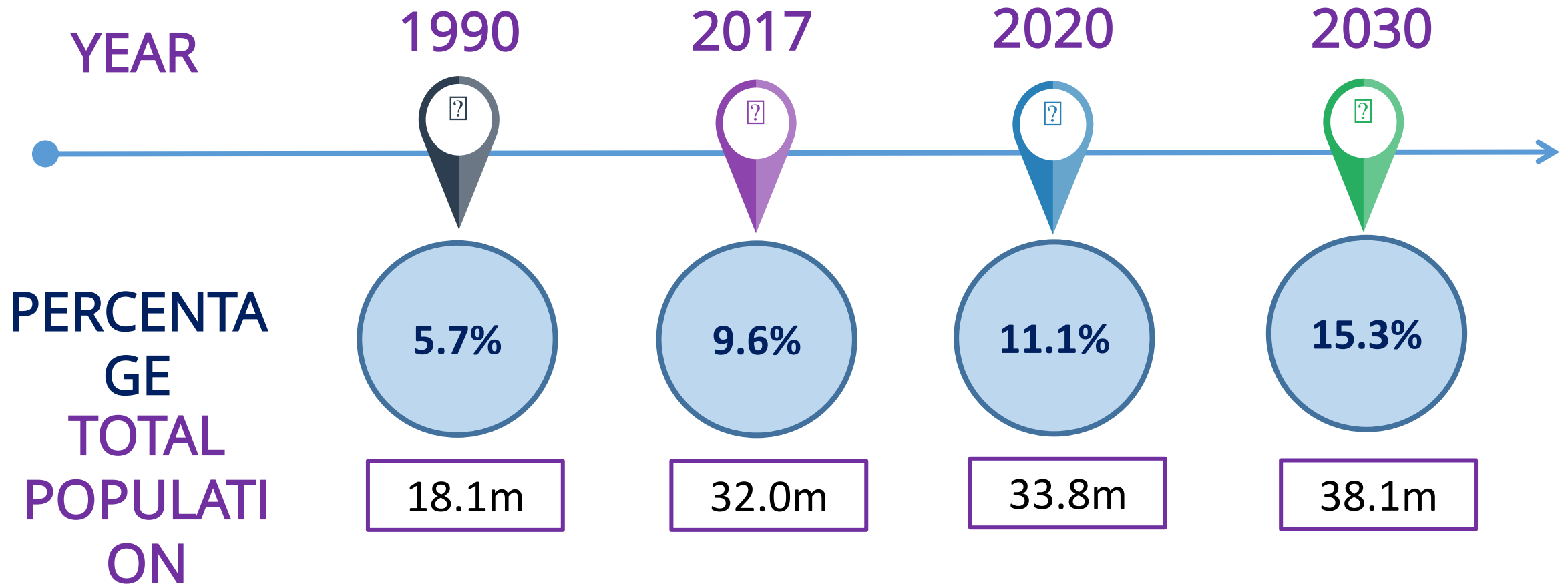
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Governing Structure – National Advisory and Consultative Council for Older Persons

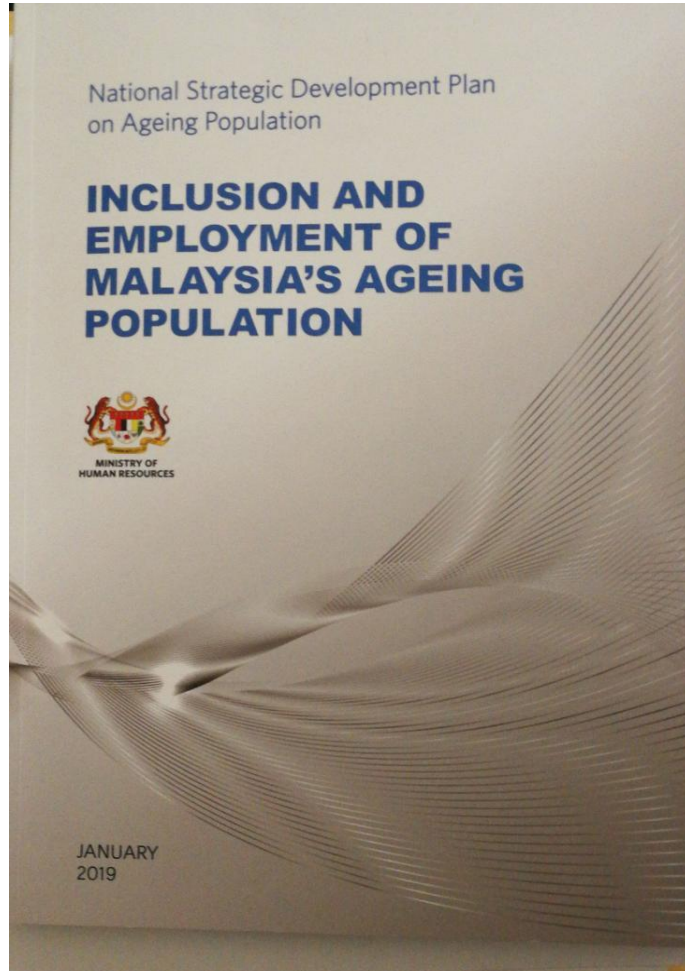


Aged Population in Malaysia

Percentage of population aged 60+



A study to develop National Strategic Development Plan: Inclusion and Employment of Malaysia's Ageing Population



AR3/119

FOSTERING THE CONTINUED ACTIVE PARTICIPATION OF SENIOR CITIZENS IN SOCIETY: WHAT ARE THE CHALLENGES?

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Population ageing is a global concern. The trend of falling birth rates and increasing life expectancy across countries is apparent and as a result, the median age has increased. This demographic shift has a significant impact at a socio-economic level, especially in terms of employment, labour force participation, social benefits, and welfare support. Population ageing is more noticeable in developed countries such as Japan, some European countries (notably Italy and Germany), Canada and the United States but the phenomenon is gaining momentum worldwide; Malaysia is no exception. (Organisation for Economic Co-Operation and Development (OECD) 2016)

The Malaysian population has been ageing gradually as the population aged 60 and above continues to grow. The proportion of people aged 60 and above was only 5.7% of total population in 1990 (1 million elderlies) but as of 2017, it had reached 3 million, making up 9.6% of the total population and signalling the onset of an ageing population. In comparison, the ratio of world population aged 60 and above was 13% in 2017 while it was 17% for the Asia Pacific region. The increase of Malaysia's population aged 60 and above is projected to continue to reach 11.1% in 2020, eventually arriving at 15.3% in 2030 (6 million elderlies) – making Malaysia a country with an 'aged population' by 2030.

As Malaysia shifts towards becoming an ageing society, the country must begin to consider optimising the productivity of its aged population in the workforce as well as in unpaid, volunteer engagements to ensure that future economic growth and social welfare are not compromised.

Rather unsurprisingly, the LFPR is lowest among those aged 60 – 64 as it is beyond the statutory retirement age in Malaysia. Figure 1 shows the LFPR of the 55 – 59 age group somewhat steady but below the overall rate. But the LFPR for people in 60 – 64 age group has declined rapidly since 2014, both suggesting high retirement rates and subsequent exits from the labour force. This does imply there is significant potential currently lying dormant within the aged community that can be tapped into using the appropriate measures. Large degrees of exits from the labour force result in an abundance of idle labour whose expertise, insight, and efforts could be used to contribute to the economy and society.

Although there is a decreasing trend in LFPR as age increases, the two most significant drops are when employees reach ages 55 and 60. Another interesting observation is the dramatically lower LFPR for 60 – 64 year olds between 2006 and 2016, which contrast sharply with the LFPR amongst the other age categories. In any case, the participation of the aged population in society should not be restricted to paid employment but to include voluntary contributions.

Figure 1: LFPR Trend by age group, 2006 - 2016
(Note: Includes non-Malaysians as data split for foreigners are not available)
Department of Statistics, Malaysia 2017

4,832 Survey Respondents

99 Interviewed Employers and NGOs

Benchmarks have yielded general issues as a result of having an ageing population



① Insufficient post-retirement funding

Significant number of elderly people at risk of falling into elderly poverty

② Unsustainable pay-as-you-go pensions

Decreasing ratio of employee to retiree requiring additional contributions

③ Differing pension and retirement ages

Sharp decline in employment and labour participation once pensions are collected

④ Generous welfare benefits

Reduces the incentive to work

⑤ Limited welfare benefits

Insufficient benefits to cover living costs of the elderly – risk of living in poverty

⑥ Mismatch of expectations

Older employees cannot fulfil the technological and capability demands of the employer

⑦ Seniority based wage structure

Additional costs and constraints on hiring older workers, as wages are based on tenure

⑧ Marginalization of older workers' roles

Smaller roles or lower compensation which could demoralize the age group

⑨ Elder retention vs. younger hire

Retention of older workers means less number of jobs for younger ones

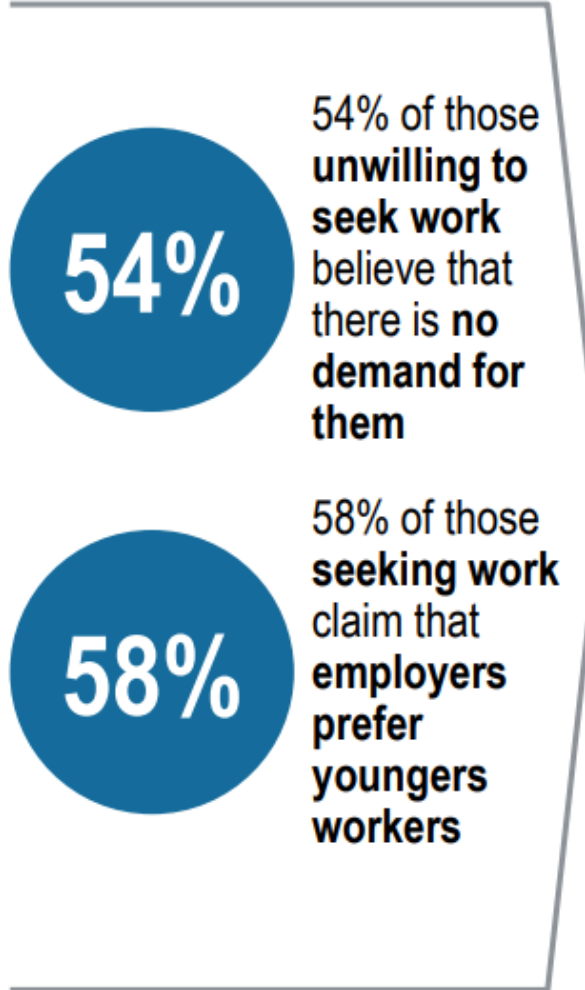
⑩ Societal expectations

Cultures frown upon employees who have chosen to work beyond the retirement age

Contrary to perception of discrimination, employers are fairly receptive towards hiring older persons for a number of reasons



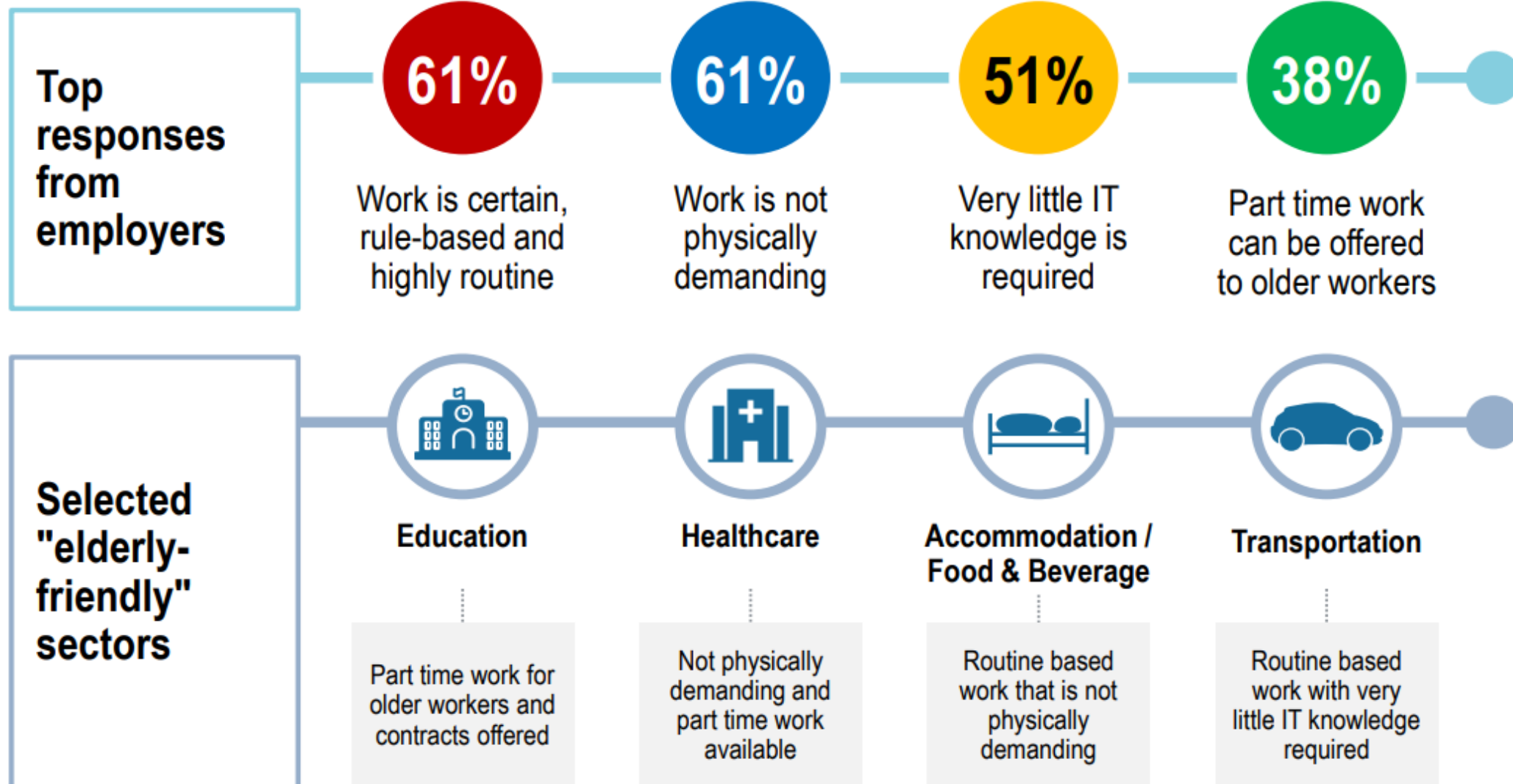
Perception from Senior Citizens



Feedbacks from Selected Employers & NGO's

<p><i>Aged engineers are generally much more productive than younger engineers at solving problems as they have seen more solutions</i></p> <p>Mr. M from Engineering sector</p>	<p><i>Generally older trainers are preferred as not only do they know the content like their younger counterparts but they are also better able to handle clients</i></p> <p>Ms. A from Education sector</p>	<p><i>It is common for aged specialists to move into primary care GP clinic practices where the treatments are simple and repetitive.</i></p> <p>Ms. L1 from Human health sector</p>
<p><i>We hire older workers to man booths and counters as the work is simple, hours are short as staff rotate, and no IT skills needed</i></p> <p>Ms. L2 from Hotel sector</p>	<p><i>We can offer part time roles to workers who are not as physically fit, giving typically 2 hours of outdoor work a day</i></p> <p>Mr. B from Agriculture sector</p>	<p><i>IT projects will require people who can sell so older workers with valuable customer networks can be attractive</i></p> <p>Mr. T from IT sector</p>
<p><i>Older workers can be productive as the work is not physical. Workers with experience are more efficient problem solvers</i></p> <p>Ms. J1 from Banking sector</p>	<p><i>Older workers tend to be better at supervising younger workers. They rely on past experience dealing with difficult workers.</i></p> <p>Ms. S from Manufacturing sector</p>	<p><i>No IT knowledge is necessary, retail workers tend to be on the sales floor and need more people skills rather than IT skills</i></p> <p>Ms. J2 from Retail sector</p>

Responses from employers/ NGOs reveal sectors accessible for elderlies due to their working conditions and hiring practices



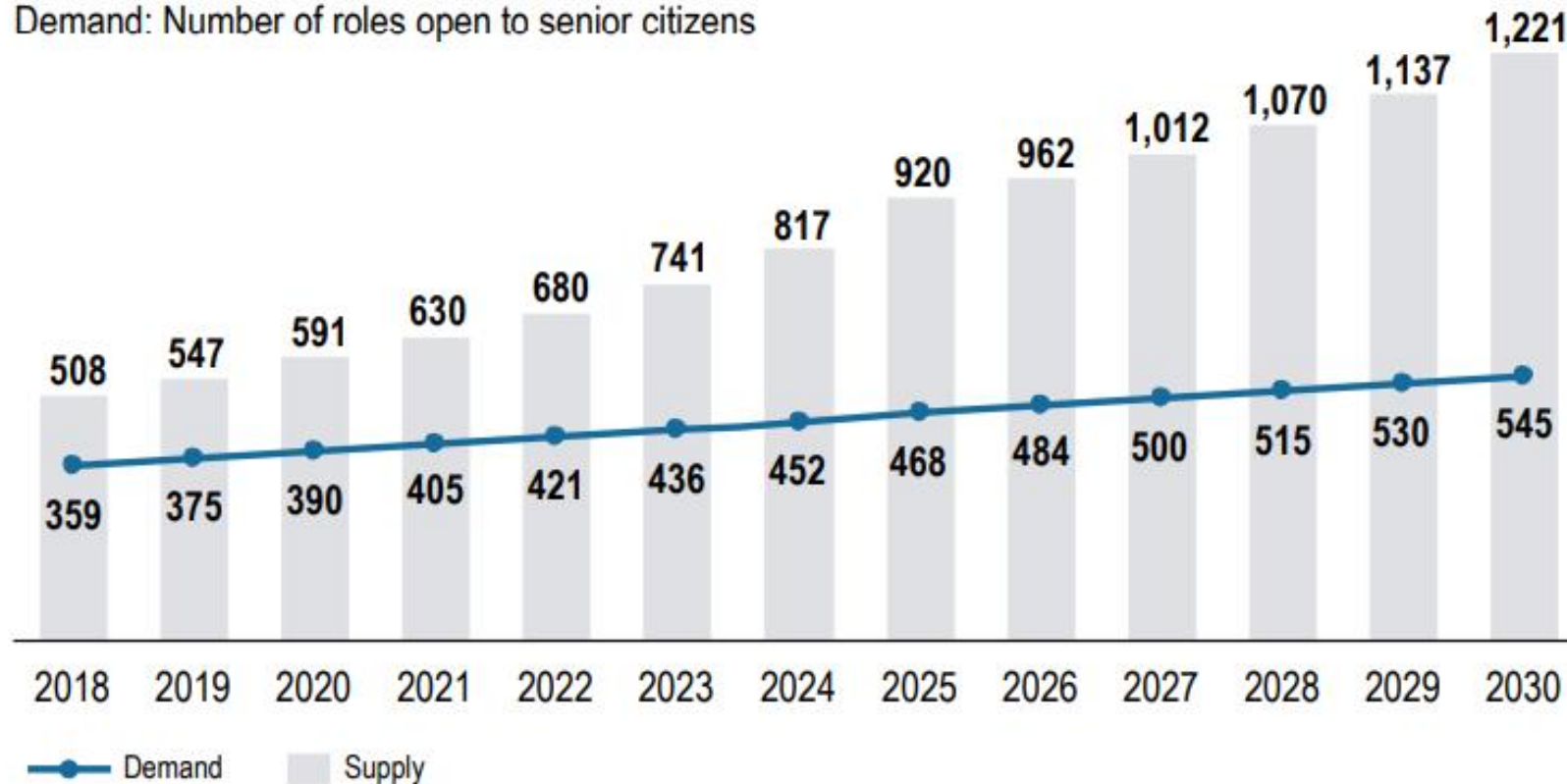
Towards 2030, it is forecasted that the growth of aged jobseekers will continue to outstrip demand



Demand and supply of senior citizen employees in Malaysia, 2018 – 2030 [000 persons]

Supply: Number of senior citizens seeking salaried employment

Demand: Number of roles open to senior citizens



- > Number of senior citizen jobseekers will increase due to:
 - growing population of those over 60 years old
 - desire to supplement savings to keep up with living costs
- > Demand for senior citizen employees will grow slower than supply

Government initiatives for older persons requires support and collaboration across multiple agencies



MWFCD

- Encourage volunteering programmes (i.e Intergenerational programmes)

MOHR

- Mobilisation of JobMalaysia Career Information Centre to engage and assist senior citizens better

MOH

- Providing a better healthcare access for senior citizens

MOHA

- Strengthen foreign worker policies

19 initiatives aim to deliver the goals of each Strategic Focus Area



#1 Invigorate interest and extend ability to work

- 1.1 Incentivise deferred EPF withdrawals of pension past 60
- 1.2 Update civil servant retirement & pension policies
- 1.3 Incentivise employers to set up phased retirement
- 1.4 Help workers find undemanding work
- 1.5 Better private healthcare access with national insurance

#2 Resolve barriers/ distractions from seeking work

- 2.1 Develop stress management SOPs and tools for employers

#3 Ease external concerns for self-employment

- 3.1 Establish community-based entrepreneur groups

#4 Improve access to funds, knowledge and network

- 4.1 Establish a consolidated formal program to disseminate information and training for aged entrepreneurs

#5 Improve senior citizen's access to employers/ NGOs

- 5.1 Establish a government-led/ funded job placement scheme specifically for the elderly
- 5.2 Create a skills assessment tool to suggest suitable positions
- 5.3 Institutionalise annual job fairs for the elderly

#6 Enhance employability & work-relevance

- 6.1 Strengthen foreign worker policies and tighten policy compliance enforcement
- 6.2 Introduce elderly-friendly filters on job search websites to ease identification of jobs

#7 Address discriminatory workplace practices

- 7.1 Enhance anti-discrimination policies in Malaysia
- 7.2 Introduce older worker hiring incentives/ tax deductions

#8 Inspire volunteering values

- 8.1 Recruit and recognise altruistic volunteers
- 8.2 Develop time banks to reward volunteers

#9 Support NGOs in providing fuss-free volunteering

- 9.1 Provide guidelines on details of volunteering activities
- 9.2 Encourage remote volunteering programmes

Way Forward



Feasibility Study: The Implementation of Time Bank Volunteering Schemes for Senior Citizens in Malaysia

Inception Report



Institute of Labour Market
Information and Analysis
(ILMIA)



Cyberjaya, 12 April 2019



THANK YOU