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# **SOCIAL ECONOMIC PERSPECTIVE AFTER PANDEMIC ERA IN MALAYSIA IN 2024**

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The COVID-19 pandemic struck The World from 2019 until a few years ago. Malaysia also had a negative social and economic impact because the Malaysian government was not excluded from initiating a similar program to mitigate the infection of the virus by quarantine and restrictions on human mobility and movement. Movement Control Order or MCO is starting in Malaysia on 18 March 2020. This creates two fundamental consequences. Health and economics. Of course, health is a significant objective of this order, but this also influences economic growth and, importantly, social.

We can see the recent data from the World Bank to determine this correlation. Malaysia's GDP by current USD in 2019 was at 365.18 billion USD. However, in 2020, GDP fell to 337.46 billion USD. However, in 2021, Malaysian GDP had a V-shape recovery pattern of 373.83 billion USD. Impressive right? Not necessary. This is because in 2018 Malaysian Gini Index was at 0.407 in 2009, 0.411 in 2020 and 0.407 in 2021, based on the World Bank and the Department of Statistics in Malaysia. This means that there exists economic growth. However, income inequality exists in COVID-19, but there is a quick recovery after 2021. If this argument holds?

To discuss this further, we must look at three perspectives on Malaysian society based on social status. In Malaysia, we define static differentiated clusters based on the income level, which is called B40, M40, and T20. That stands for below, medium and top. This classification is based solely on household income level with B40 to RM 4,850, M40 from RM 4,851 to RM10,970 and T20 more than RM 10,971. Not a great indicator. This is because, in Malaysia, we also have a dynamic classification based on relativity income level with the development of "Pangkalan Dara Utama" or Padu. Nevertheless, this policy is still being processed by the Ministry of Economics of Malaysia. Definition of difference with United States understanding of class. This is because they understand that there are only two classes. The middle class is the working class, and the working class is related to the owner of resources such as land, capital, and rent. So, in Malaysia, we only classify based on income, not social class. For example, in Malaysia, we can categorize the T20 of the household, but the household is still a worker and not a resource owner.

Perspective differs between social classes in Malaysia. The first is in B40 or Below the medium income level, consisting of 40% of the population below the median income level. This bottom of the line consists more of blue-collar workers. This class has had the most received impact after the post-Covid-19. This is because this class group received the most negative impact when the economy closed down and hammered the income and career path. To make more, many withdrawals funds in EPF or Employees Provident Fund create a saving deficit, especially in the B40 group. For example, recent data in 2024 indicates that the B40 income group only consist of average savings of around RM1,713. At the same time, M40 is around RM 28,032, and T20 is RM 278,941. Of course, when the world's economic impact, such as Ukraine and the Palestinian wars, flooding the money with a reduction in interest rates by many major countries, reflects increasing M2 and liquidity, it propelled the world's inflation level. This also increases the impact of inflation in the B40 group in Malaysia. The government tries to mitigate this impact by increasing "Sumbangan Tunai Rahmah", or STR, the primary fund of the B40 group in Malaysia.

The second is the M40 group impact. As M40 stands for the middle 40% of the population, a broader definition for Middle income is the group that can afford to spend on necessities with ample to achieve balanced spending such as vacation, education

and health. This class of society example is more related to officers, managers, etc; this group receives more impact than the B40 group in Malaysia. Studies indicate that in Malaysia, 20% of people from the M40 group slid to become the B40 group in 2020, which was the peak of COVID-19 impact in Malaysia. Even after the pandemic, this group of people received the impact that M40 does not receive benefits from the government and does not achieve high fundamental income such as T20. Furthermore, M40 also pay the most tax in Malaysia, but the most received the impact after post-COVID-19.

Lastly is the T20 group. This is the top 20 per cent income group in Malaysia that can afford not only necessities, education, health and vacation. But also luxury. This group includes directors, high professionals, investors, business owners, etc. This group does not have a negative impact, but there have been cases of increased wealth and income levels. This is because the top class is not only the workers but also resource earners. For example, Standard and Poor 500 (S&P 500) indices in December 2019 are 2182.2, but in January 2022 are 4814. Means an increase in more than two-fold wealth. Nevertheless, these top earners are the most vital in capitalistic terms, and they are also resource earners that propel monetary progress; recent government actions and policies with artificial intelligence have brought more progress and growth to this group of people. T20 needs more policy and investment environments, which we can see our current government trying to deliver.

To conclude, more comprehensive policies are needed to protect and progress in the M40 and T20 groups, while the T20 policy continues. The MADANI concept of governance to propel economic growth is the best solution for a multiracial country such as Malaysia. But this implementation is taking time, especially to recover after COVID-19. Overall, good job, Malaysians, but there is still room for improvement, especially in B40 and M40 progress and welfare.

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