

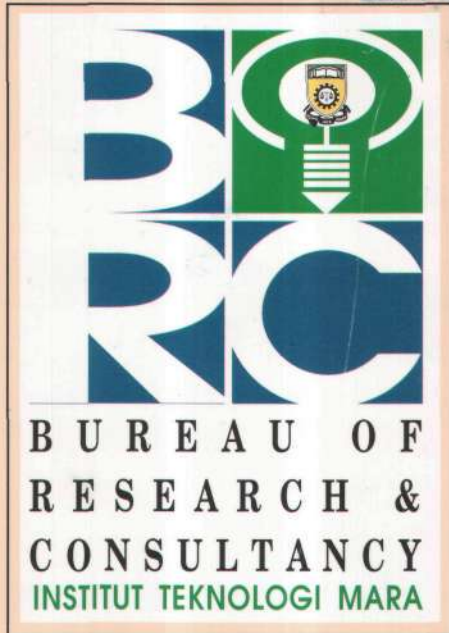
VOL. 1 NO. 2 DECEMBER 1994

ISSN 0128 - 7141

BRC JOURNAL

**Journal of the Bureau of Research and Consultancy,
MARA Institute of Technology.
(Jurnal Biro Penyelidikan dan Perundingan, Institut Teknologi MARA)**

BIG TERBITAN BERSEKUTU
PUSK, UTM, SHAWANAM
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SOCIO-ECONOMIC CONSEQUENCES OF RETIRED PEOPLE IN PENINSULAR MALAYSIA

by

Normah Mohd. Dali
Appa Rao Maradiah
Lau Too Kya

ABSTRACT

This study on Socio-Economic Consequences of Retired People on Malaysia attempts to identify the current life-style of the retirees. It addresses the socio-economic and psychological aspects of Malaysian retirees and highlights the possibility of utilisation of their skills for the economic development of the country. Both the qualitative and quantitative modes of research were resorted to. A comprehensive structured questionnaire was used in the face-to-face interview with the selected retirees in Peninsular Malaysia. Records from the Employees' Provident Fund and the Pension Department were used as the sampling frame. One thousand and eleven respondents were interviewed from Johore, Selangor, Kuala Lumpur, Kedah and Terengganu. The majority of the Malaysian retirees led a **simple** and **healthy life-style** tending to daily activities such as watching movies, listening to radio programmes, looking after grandchildren and participating in social activities.

Socially, the retirees were treated with reverence and their experiences were counted upon. Economically most of them felt that their income was just **enough** to cater to their basic needs. However, they were not able to support educational and medical needs of their families. Only a small percent of the retirees actually utilised their skills in reemployment while the rest were willing to contribute their skills to national development if called upon to do so.

Keywords: Retired people, Malaysia, Socio-economic consequences.



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BACKGROUND

Retirement from work is an age-old phenomenon. In the early fifties, due to post-war reconstruction and shortage of labour, people were asked to stay on in their jobs as long as they possibly could. In the eighties however, because of widespread unemployment and slow economic growth, people were required to retire early. Thus retirement has played an important role during periods of mass unemployment and economic upheavals. Faced with a serious unemployment situation in the seventies and eighties a number of European countries too had instituted early retirement policies for their citizens. Thus it becomes obvious that retirement policies have been imposed on the working men and women based on external circumstances rather than the socio-economic situation of the workers themselves.

In the Malaysian context, it is mandatory for employees in the government sector and many in the private sector to retire at the age of 55. Thus retirement in Malaysia is based on chronological age rather than the ability and capacity of people to work beyond that age. This policy may be a means of redistributing jobs to the young. But in a broader context, as the proportion of retirees increases, retirement will have a great influence on the social, financial and psychological aspects of the older people whom we cannot afford to neglect.

OBJECTIVE OF THE STUDY

This study seeks to identify the trends and pattern of the lives of the elderly population and problems facing the retirees from both the government and the private sectors, so that appropriate planning and sound policies can be formulated for their well-being.

In view of the above objectives, the study will consider more specifically the following:

- a) To identify the current lifestyle of the Malaysian retirees;
- b) To identify the problems faced by the retirees, in terms of social, economic and psychological aspects;
- c) To determine the possible skill utilisation of the retirees, as a possible and useful pool of experienced and skilled labour force for the development of the country;
- d) To recommend ways and means of overcoming problems faced by the retirees;
- e) To identify the socio-economic status of the retirees;
- f) To assist in developing specialised programmes (for instance, family curriculum) with the aim of inculcating and promoting a caring society.

SCOPE AND COVERAGE

- a) The study covers the three major ethnic groups in Peninsular Malaysia i.e the Malays, Chinese and the Indians.
- b) The period of retirement covers from the year 1970 to 1988.

METHODOLOGY

The study relied on secondary data in the form of seminar papers, articles, texts etc and primary data which were obtained through personal interviews.

The sampling frame used for this survey was taken from the records of the Employees Provident Fund (EPF) and the Pension Department. It consisted of a list of all the retired people from year 1970 to 1988.

A systematic sampling was used. The population of retirees was first divided into two groups: retired persons from the private sector (EPF) and retired persons from the public sector (pension). For each group, the sample was selected systematically and proportionately based on population size.

Five states namely Terengganu, Kedah, Johore, Selangor and Kuala Lumpur were selected to represent the East, North, South and Central region of Peninsular Malaysia. The breakdown of sample size was as follows:

State	Sample Size
Terengganu	107
Kedah	240
Johor	420
Selangor/Kuala Lumpur	244
Total	1011

As many of the retirees could not be trace due to death, change of residential places and others, snowball sampling was used to replace them.

The SPSS package was used to analyse data and the results were presented in tabular and graphic forms. Cross-tabulations were used for more detailed analysis.

DEMOGRAPHIC PROFILE

A total 1011 respondents, from both rural (41.5%) and urban (58.5%) areas in Kedah, Selangor, Johore and Terengganu and in the age group of 55 and above were interviewed. Of this total, 88.9% were males and 11.1% were females. Of this, 84.4% were Malays, 10.2% were Chinese and 5.4% were Indians. Only 6.6% of those interviewed were above 75.

EDUCATION

The majority of the respondents (58.7%) had primary education; 4.3% had college and 1.5% had university education. The rest had secondary education.

MARITAL STATUS

About 91.4% of the respondents were married whilst 0.7% had never married; 1.0% were divorced; 0.7% were separated and 6.2% were widowed.

LIVING ARRANGEMENTS

The majority of the retired people (64.2%) had between three and eight children. About 23.7% had nine or more children.

Only 2.3% lived alone. The majority (86.1%) lived with their spouses. A total of 66.5% of the retirees were happy about their present living arrangements while 6.3% were not happy.

Ethnically, a higher percentage of Indians (74.5%) and Chinese (72.8%) were happy/very happy compared to the Malays (65.3%) with regard to their present living arrangements. On the other hand, a lower percentage of Malays (5.4%) felt very unhappy/unhappy when compared to the Chinese (11.7%) and the Indians (9.1%).

About 92.7% of the retirees preferred to stay on their own. On the basis of race, a larger proportion of Malays (95%) preferred to stay on their own compared to the Chinese (79.6%) and the Indians (80.8%).

About 87.8% of the retirees lived in their own houses. A higher proportion of Malay retirees lived in their own houses (91.9%) compared to the other races.

INCOME BEFORE RETIREMENT

The retirees earned a mean monthly income of RM793.00 before retirement. The urban retirees earned as much as a third more than their counterparts in the rural areas. The young retirees (recently retired) earned more than the older ones. Those with higher education had better income before retirement than those with lower levels of education. The professional, administrative and managerial groups earned more than the other occupational groups.

INCOME AFTER RETIREMENT (PRESENT INCOME)

Present income is made up of pensions, wages, income from self-employment and contributions from children. The main source of income was pensions.

Only 4.5% of the retirees were working for wages and 19.5% were self-employed.

The majority (about 60%) of the respondents did not receive any contributions from children.

Only 4.5% of the retirees were working for wages and 19.5% were self-employed.

The majority (about 60%) of the respondents did not receive any contribution from their children. For those who received contributions from their children, the mean amount was about RM53.00. This showed that the retirees could not depend entirely on their offsprings for support in their old age. Other sources such as contributions from relatives, social welfare, rental income, insurance, savings and investments were negligible/insignificant.

About 93.7% of the retirees felt that their present incomes were adequate for their daily needs. Almost all of the lower income retirees mentioned that they were satisfied with their present incomes whereas a considerable proportion (30%) of the higher income group was not satisfied.

MAJOR EXPENDITURE

Although food was mentioned as the major expenditure by the majority of the respondents, household, education and medical expenditure also formed the major expenditure for a significant proportion of the retired people.

LOAN REPAYMENT

Loan repayment was a burden to the retirees. About a fifth of the retirees were still paying for loans. The majority of the respondents owned land and houses and this perhaps explained why they were satisfied with their present incomes.

THE EMPLOYEES' PROVIDENT FUN (EPF)

A large majority of the retirees (85.7%) stated that they preferred to withdraw the whole amount in one lump sum. Only 6.0% preferred to accept payments on a monthly basis. This revealed that the traditional mode of payment was still preferable to the majority of the contributors.

DAILY ACTIVITIES

The most important activity undertaken by the retirees was walking (54.4%), followed by gardening (36.8%) and exercise (34.3%). This indicated that a sizeable number of retirees were concerned with their health. Work activities formed the next most important for the retirees, namely cleaning (26.2%) and cooking (16.7%). Other activities such as needlework, woodwork etc. were not very important.

RECREATIONAL ACTIVITIES

Recreational activities indicate one aspect of the life-style of the retired persons. These

activities include: watching TV and video; going to the cinema; listening to the radio; visiting the coffee shops; friends; families and places of interest; and drawing, painting and shopping.

The survey data showed that the majority of the retirees (89.1%) watched TV and video to spend their time, compared to other activities. A second major activity was visiting friends (70.1%), followed by listening to the radio (63.5%). Slightly more than half of the respondents visited their families (56.3%).

More urban retirees watched video, visited places and their families and did shopping than the rural retirees. More rural elderly appeared to visit coffee shops compared to the urban counterparts.

The Chinese formed the highest number (47.6%) in video watching and the Malays the least (8.1%). The highest percentage to listen to the radio were the Indians (74.1%). The Malays formed the highest percentage in terms of visiting friends (71.4%).

The higher the educational level, the greater the percentage that was involved in TV watching. A greater percentage of the less educated retirees visited coffee shops compared to the better educated retirees. A higher percent of the educated retirees seemed to visit places more than the others.

READING ACTIVITIES

Seventy eight percent of the total respondents read newspapers, 66.9% read religious materials and 22.1% did casual reading. A greater percentage of urban retirees was involved in all the three types of reading compared to the rural retirees.

Among the three ethnic groups, the Malays formed the highest group in terms of religious reading (73.2%) compared to the Indians (40.7%) and the Chinese (28.2%). In casual reading activity, the Malays had the lowest involvement (19.2%). A higher percentage of Chinese retirees read newspapers compared to the other ethnic groups.

A greater percentage of the higher educated retirees was involved in all the above types of reading activities compared to the lower level of educated groups.

RELATIONSHIP WITH FRIENDS

The majority of the respondents (92.4%) had friends and about 57.9% of them interacted with their friends everyday. Among all the places of interaction, the religious places seemed to be their favorite place, where the largest percentage of retirees met with their friends. Other places of interaction were houses and coffee shops.

SOCIETIES AND ORGANISATIONS

Only about 45.3 percent of the respondents were involved in associations or organisations.

CHANGES IN INTEREST

There was a considerable change in interest after retirement. They were less interested in business activities but were more interested in religion, recreation and travel.

RELATIONSHIP WITH SPOUSE AFTER RETIREMENT

It was encouraging to note that 56.5 percent of the retirees became closer to their spouses while 23.9 percent reported no change. However, about 19.6 percent faced real problems with their spouses after retirement.

The middle income groups seemed to have less problems with their spouses after retirement compared with the lower income groups.

Only a very small percentage of the retirees had dissatisfying relationships with their children/grandchildren after retirement. About 59.7 percent of the respondents had better relationships with their offsprings after retirement.

SKILL UTILISATION

About 23.8 percent of the retirees who continues to work after retirement, utilised their skills and the rest did not use their skills in their new jobs.

About 51.3 percent of those who were working felt that their productivity level remained the same whereas 23.1 percent felt that their productivity actually increased.

PROBLEMS OF THE RETIREES

Lack of finance was the main problem faced by about 46.7 percent of the retirees while 39.2 percent consider loss of health and vigour as their main problems.

There were no significant differences in the problems faced by male and female retirees. In terms of ethnicity a slightly higher percentage of Malays considered lack of finance as their main problem whereas the largest percentage of Indians considered loss of health and vigour as their main problem. A lower percentage of Chinese considered loss of health and vigour as their main problem but among the three races, the Chinese retirees has the highest percentage in terms of family concerns as their main problem.

A high proportion of the retirees admitted that they had no difficulty in doing various chores and activities at home (92.6%). Only 1.2 percent of the retirees could not perform any activity at all.

RETIREMENT AGE

The present retirement age of fifty-five was considered appropriate by 79.5 percent of the respondents. However for those who considered 55 as inappropriate, 65.1 percent

felt that 60 should be the appropriate age for retirement; on the other hand only 7.2 percent considered 40 should be the best age to retire.

CONCLUSION

Malaysian retirees follow a simple life-style. After retirement, the majority spend their time watching TV and movies, listening to the radio, visiting friends, families and places. Some join clubs and societies and are involved in religious pursuits. The elderly also take care of their grand-children and get involved in family affairs. They are treated with reverence and their experiences are counted upon.

A small percentage of the retirees continued to work to ease their financial burden. Even though the retirees' incomes were somewhat low, the majority of the retirees seemed to feel that their present incomes were just adequate to meet their minimal daily needs. However, their incomes were not enough to meet the educational needs of their children and medical requirements. Thus slightly less than half of the retirees mentioned that a lack of financial support was their main problem.

Not many retirees were involved in reading activities. Most of them read only newspapers. More retirees turned to religion after retirement, especially the Muslims.

Most of the retirees' skills were not fully utilised after retirement. There must be a policy to draw upon this pool of skilled labour for national development. Most of the retirees felt that they were still capable of working and were willing to contribute to the national and/or community development.

A sizeable proportion of the retirees pursued a healthy life-style; they did regular exercises, walking and other physical activities to keep themselves healthy and strong. However, about 40% of the retirees faced the problem of loss of health and vigour which may be due to psychological problems. Other problems included a sense of isolation, problems related to family concerns and social problems. To overcome these, certain recommendations are made in the next section.

With regards to EPF, a large majority of the retirees (85.7%) preferred to withdraw their contributions in one lump sum as is done presently.

Most of the respondents (about four-fifths) felt that the present retirement age of 55 was suitable and the rest wanted the retirement age to be raised to 60.

RECOMMENDATIONS

The following recommendations are made based on the survey to provide some guidelines for a more comprehensive formulation of policies by concerned authorities to overcome the problems of the aged and the retired section of population.

1. The government should encourage its employees to have their own houses and to be free from loans by the time they retire.

2. Each housing estate should have a community centre provided by the developers for the use of the senior citizens to carry out various social activities and meetings etc.
3. Old folks' homes and nursing homes need to be provided closer to the housing estates. Basic infrastructure and amenities must be made available by the government with volunteers from the community assisting in the care of the elderly.
4. Families too must be encouraged to take care of the elderly, and the government should extend tax incentives to those families who take care of their elderly parents.
5. A large proportion of the elderly surveyed is in good health and has good mental capacity. It should be noted that accumulation of experience and transmission of knowledge comes with ageing. Thus it is proposed that the statutory retirement age should be raised to 60 years. This extension would also help alleviate the financial burden of those who still have school-going children.
6. Part-time and flexi-time employment for the aged should also be encouraged.
7. A central authority should be established to collect and disseminate information on the pool of skilled human resources available among the aged and the retired. This could be tapped when and if necessary.
8. Both the government and the private sector could jointly organize retraining facilities for those seeking reemployment.
9. The Ministry of Health should play a leading role in educating and providing adequate and appropriate medical care with minimum cost to the elderly. Geriatrics clinics should be promoted nation-wide, and be made available in every housing estate.
10. Activities to promote healthy lifestyles, counselling centres, mobile clinics need to be provided.
11. A large proportion of the elderly is affected by financial problems. It is recommended, therefore, that loan repayment should be settled during their employment period and that government and financial institutions should provide education loans for their children.
12. Some educational programmes for the school children may be designed to inculcate positive attitudes and respect towards the retirees. Thus the moral studies in schools should (a) emphasize on fostering and developing respect and love for the aged;
 - a. Cultivate a sense of responsibility for the care of the elderly.
 - b. Create understanding of the problems of the aged.
13. Gerontological societies should be set up in schools.
14. Gerontology should be taught in the medical schools.

15. Mass media may be employed to highlight the problems of the elderly and to propagate effectively the caring society concept.
16. To enhance greater interaction among the retirees, the formation of clubs and societies should be encouraged so that various activities, games, exercises and exchange of ideas can take place in an organized manner.
17. Public facilities such as carpets, toilets, public buses etc should be so designed to accommodate the needs of the elderly.
18. A Senior Citizens Fund should be established with each working member contributing RM1.00 per month so that these funds could be used to provide help to the needy.
19. Pre-retirement courses must be conducted to help retirees in financial planning and in coping with retirement.
20. A National Council on Ageing and Retirement should be set up as a central coordinating body to monitor and guide various governmental and non-governmental organizations which provide various types of services and care to the retired and the elderly.
21. A think-tank should be established comprising senior citizens to provide ideas on government policies, plans, strategies and national development.

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