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Framing Social Protection Analysis in Malaysia: Issues for Consideration

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About Social Security Research Centre

The Social Security Research Centre (SSRC) was established in March 2011 at the Faculty of Economics and Administration (FEA), University of Malaya to initiate and carry out research, teaching and dissemination of evidence-based knowledge in the area of social security, including old age financial protection in order to enhance the understanding of this critical topic to promote economic development and social cohesion in Malaysia.

To support the research in social security in general and old-age financial protection in particular the Employee Provident Fund (EPF) of Malaysia has graciously provided an endowment fund to create the nation's first endowed Chair in Old Age Financial Protection (OAFPC) at University of Malaya. OAFPC has the over-riding objectives to help formulate policies to promote better social security and improve old age financial protection, and to help formulate policies to promote economic growth in an aging society for consideration by the Government of Malaysia.

The interest in social security and old-age financial protection is ever growing in view of an ageing population. Malaysia is also subjected to rising life expectancy and falling fertility rates, the perceived inadequacy of current social security provisions, coupled with the added fear that simply more expenditure may not be conducive to the development and growth objectives of the society. This calls for innovative policy solutions that may be inspired by international experience based on an empirical grounding in national data and analysis.

Framing Social Protection Analysis in Malaysia: Issues For Consideration

Abstract

This working paper discusses the framing of social protection analysis in Malaysia around four main themes that are not directly addressed, especially in the Malaysian social protection literature, to raise issues for consideration. The first focus is on the apparent neglect of endogenous and structural issues in the analysis of social protection. The endogenous and structural factors in this case refer to the systemic occupational structure that places the majority of workers at the bottom of the occupational hierarchy, hence creating a structure of inequality, presented here as inequality pyramids. Constructed from a social stratification perspective, this self-perpetuating inequality pyramid appears to reproduce inequality and vulnerability over time, making employment-based social protection instruments built on such a structure limited in effectiveness. Theme two probes the ability of this employment-based social protection strategy to ensure long-term human security through the labour market or formal employment. As this strategy is already considered inadequate in Malaysia due to low coverage of formal workers while those in the informal sector remain largely unprotected, it raises a further question as to whether human security should be placed as the ultimate objective of social protection provision. If we accept that an employment-based social protection strategy is limited, the third theme then raises the importance of having a universal social protection system or strengthening the existing social protection foundation that could serve as a basis for a universal one. This is done by assessing preliminary evidence of such possibilities by benchmarking Malaysia on the Social Protection Floor Initiative (SPF-I) in terms of access to universal health care, income security for children, the elderly and those in active age who are unable to earn sufficient income. The fourth and final theme logically follows the third by questioning Malaysia's ability to provide universal social protection for her citizens by exploring her fiscal space and contemplating her potential to do so. This is done by using a common social protection performance indicator in the form of social protection expenditure as a percentage of Gross Domestic Product (GDP). This theme is encouraged by increasing evidence that even developing countries could afford to provide universal social protection.

Keywords: Social protection, welfare, inequality, human security, Malaysia

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PART I
FRAMING SOCIAL PROTECTION ANALYSIS
IN MALAYSIA: ISSUES FOR
CONSIDERATION

1.0 The Agenda

This working paper discusses the framing of social protection analysis in Malaysia around four main themes that are not directly addressed, especially in the Malaysian social protection literature. These themes are:

1. Endogenous and Structural Issues in Malaysia: Inequality and Vulnerability
2. Human Security and Employment-Based Welfare
3. The Social Protection Floor Initiative (SPF-I) - Benchmarking Malaysia
4. The Fiscal Space: GDP as the Social Protection Performance Indicator

Discussions of these four themes are exploratory in nature and they have been chosen due to their potential to add some new dimensions in framing social protection analysis in Malaysia. These themes also run through issues relating to expanding coverage, addressing informality and fiscal sustainability in social protection provisions.

1.1 Structure

This paper is organised into three parts. The first half of Part I continues with a discussion of issues, motivation, research questions, methodology and data regarding the framing of social protection analysis in Malaysia. This is followed by a thematic literature review that forms the conceptual backdrop for presenting empirical evidence across the four themes. Part II applies concepts and themes to data and discusses issues regarding social protection analysis in Malaysia that arise in light of the preliminary empirical findings. Part III briefly summarises the paper, highlights the initial findings and suggests some steps that could be taken towards strengthening social protection analysis and framework in order to derive effective evidence-based social protection instruments for Malaysia. It is organised in this way to make each part independent, hence allowing readers to select the sections which interest them most.

1.2 Motivation

The interest in these four themes arise from the observation that the analysis of social protection in Malaysia and around the world appear to centre more on issues of expanding coverage, addressing informality and ensuring fiscal inadequacy, and less directly on the four themes mentioned above. Employment is considered the key driver for achieving and sustaining social protection provisions in these analyses. While social protection now is limited to formal workers, its extension to informal workers is to be done by formalising employment in this sector, hence expanding coverage for this group. In this way it is hoped that fiscal sustainability of social protection instruments will be ensured through an employment-based welfare strategy and the coverage gap will be eventually reduced. The contention in this paper is that by focussing on a social protection system that is dependent on formal employment, structural and endogenous issues such as structural inequality has been left on the outside of mainstream social protection analysis, more so in the case of Malaysia. This neglect could limit the success of such an employment-based welfare strategy.

While expanding coverage, addressing informality and ensuring fiscal sustainability are important dimensions of social protection analysis, this paper aims to reframe social protection issues across these four themes. By doing so, it is hoped that the understanding of structural and endogenous dimensions of social protection, the link between social protection and human security, Malaysia's place on the social protection floor and her potential to provide universal social protection for her citizens will be deepened. Ultimately, it is also hoped that this approach would offer a wider scope for social protection analysis in Malaysia and contribute towards overcoming challenges that could lead to the improvement of social protection provisions.

Further motivation arises from findings of the World Development Reports (WDR) 2013, which illuminates the impact of the global crisis on jobs whereby some 200 million people including 75 million under the age of 25 became unemployed while almost half of workers in developing countries are self-employed with no steady income. The implications of an employment-based welfare under the present regimes require some reframing given this scenario. The UN 2015 Development Agenda on social protection and the UN Conference on Sustainable Development 2012 that led to the Sustainable Development Goals,

particularly SDG 8, regarding the promotion of sustained, inclusive and sustainable economic growth that could provide full and productive employment and decent work for all, are also relevant. Last but not least is the ILO Social Protection Floor initiative (SPF-I), which made it even more imperative for issues relating to jobs and unemployment, risk and vulnerability, to be viewed holistically.

1.3 Research Questions

Evidence from developing countries has shown that relying on employment as the key driver for achieving a sustainable social protection provision, applying this strategy to expand coverage in the informal sector and using similar social protection instruments for both sectors have been challenging and have been met with limited success. This is also true for a country such as Malaysia that has recorded full employment for decades with a declining share of the informal sector in the economy. Given the issues and motivation outlined above, this paper attempts to provide some answers as to why this is the case by reframing social protection analysis to incorporate the four themes chosen. The implications of an employment-based welfare strategy is at the core of these four themes which are in fact inseparable from issues relating to coverage, reducing informality and ensuring fiscal adequacy of social protection provisions.

Theme one - the endogenous and structural issues arising from the structure of occupations or jobs - is particularly significant as it cuts across the other themes, placing it at the heart of the analysis of an employment-based social protection strategy.

Jobs have been shown over time to rest on a structure of social stratification that ranks individuals on an occupational hierarchy that is highly unequal and has given rise to a big gap between those at the top and the bottom. This structural phenomenon identified as inequality pyramids for Malaysia has been ranking individuals over time based on occupation, education, skills, income and in cases based on gender and ethnicity (Shamsulbahriah, 2010). As a result, the majority of workers in the formal sector for example are concentrated in low-skilled and low-income jobs found at the bottom of the inequality pyramids. This could explain the low saving capacity and high preference and need for liquidity and precautionary savings of this group. Being at the bottom of the distribution spectrum makes many

individuals and households vulnerable to risk and shocks as they will be operating at, or just above, subsistence. Hence it is not practical to expect them to forgo access to their savings in the face of income uncertainty as required by formal social protection instruments.

The question here, then, is whether such an employment-based welfare system that is pegged to the structure of occupations is effective and viable in providing social protection given the volatility of the global economy that is characterised by economic crises and natural disasters that increasingly threaten the world of work and employment creation, making risk and vulnerability an inevitable part of the development process. Could an employment-based welfare system ensure human security, fiscal sustainability of existing Defined Contribution (DC) social protection instruments financed through the PAYG? Could such a system elevate Malaysia to the status of a developed nation that has the capacity to provide some elements of universal social protection for her citizens? These are some of the questions that need to be answered by exploring the rest of the themes. These questions and themes also apply to the discussion on addressing informality to reduce the coverage gap and ensuring fiscal sustainability and efficiency.

1.3.1 Addressing Informality to Reduce the Coverage Gap

The informal sector is heterogeneous and challenged by conceptual and definitional issues. A rigorous study of this sector must be contextualised within the bigger economic, social, political and development context. Analysing this dynamic sector requires clarity at many levels beginning with the definition, data collection and empirical analysis to ensure appropriate social protection policy recommendations and outcomes. The linkages between the formal and informal sector can neither be underestimated. The informal sector has served as a sector of last resort/survival during crises as well as a source of complementary/seasonal income as well as a sector of choice, particularly for entrepreneurs in micro enterprises. At a glance, the diverse groups within the informal sector are not well protected. Protection varies for each category of workers such as the self-employed or for own account workers, unpaid family workers and migrant workers, for example. For Malaysians, what would be available are Pillar 0 [social assistance offered by the government], Pillar 3 [voluntary – savings] and Pillar 4 [family, social networks and various

kinds of institutional support such as NGOs]. Various government support for informal sector businesses such as micro credit, licensing and training could also be considered as social protection instruments open to these diverse groups. Besides that, local workers are protected under the Employees Social Security Act 1969, while foreign workers are protected under the Workmen's Compensation Act 1952 in respect of compensation for employment injury as well as non-employment injury; vide Workmen's Compensation (Foreign Worker's Scheme) (Insurance) Order 1993. This act applies to foreign workers whose earnings are not more than RM500 per month and all manual workers irrespective of their wages.

The protection and rights of migrant workers is itself a big agenda that goes beyond the scope of this paper. Nonetheless, it has received attention in the context of ASEAN 2015 particularly with regards to the framework for delivering social protection and the promotion of the rights of migrant workers in the context of the ASEAN Declaration on the Protection and Promotion of the Rights of Migrant Workers 2007. It is worth noting though that prior to 2000, low income migrant workers were granted social protection under SOCSO. This coverage was however ended due to management and portability issues among others. Given that the promotion of labour mobility in the ASEAN 2015 is limited to the skilled component hence class biased, the effectiveness of protection measures for the vulnerable component of this group remains to be seen.

1.3.2 Setting the Context: Protecting the Unprotected

Klarita Gërxhani (2004) discussed the genesis, concepts and characteristics of the informal sector as originating from the work of the social anthropologist Keith Hart (1970; 1973), who introduced the concept of the informal sector in the context of the Third World. The varied terminology used by researchers is evident in her review. For Hart, the informal sector refers to all categories of the self-employed in the urban labour force working outside the labour market out of necessity to earn income or as a way of supplementing earnings. The ILO (1972) report on employment in Kenya characterised informality as the avoidance of government regulations and taxes while De Soto (1989) used legality/illegality as the criteria for distinguishing formal and informal activities. An array of terminologies referring to the informal sector has emerged since the 1970s such as the 'bazaar economy',

'shadow economy', 'underground economy', 'criminal underworld', subterranean, shadow, informal, hidden, parallel, clandestine, second or household. Consequently, researchers tend to define the informal sector in accordance with the problem at hand (p. 270). The analysis of the informal sector requires a separate study. It is suffice to say here however, that a lot of progress has been made in defining this sector particularly to improve data collection to enable cross country comparisons (Swaminathan, 1991; ILO,2002; Tokman, 2007; Chen, 2012; ILO, 2013; WIEGO, 2013). Nevertheless, discussions of the informal sector tend to emphasise its prevalence in developing countries. It must be recognized from the outset that, the informal sector or informal activities to put it more loosely, exist in developed countries as well, although its nature and scale may vary significantly. In other words, development doesn't completely eliminate informality. Its resurgence has been observed in developed countries, especially in times of crises (Schneider, Buehn and Montenegro 2010; Williams 2013). This recognition is crucial in the framing of social protection analysis in the developing world, before, effective social protection instruments for formal and informal workers in these countries could be formulated.

The diversity of issues makes the analysis of social protection provision for workers in the informal sector complicated. The very definition of this term poses a challenge (Godfrey, 2011). Formalising the labour force and its economic activities to expand social protection coverage requires a multidimensional approach as informal sector workers have variable job and earnings paths. They are further handicapped by their low exposure to the formal financial sector and formal social protection instruments. Nonetheless, the question is whether reducing informality can lead to an increase in coverage through an employment-based social protection provision. Can we say that workers in the formal sector are in fact better off, especially those in the lower income groups as shall be evident from discussions on the inequality pyramids?

In this regard, the effectiveness of social protection mechanisms in the formal sector is also questionable, as the majority of those in the formal sector are found at the bottom of the inequality and income pyramids. They are employed in low skilled jobs, have a low savings capacity and a high preference and need for liquidity and precautionary savings. Moreover, the informal sector has also been a buffer zone/mobility zone for mitigating risk when the formal sector has failed. The importance

of the informal sector in providing ongoing seasonal employment, part-time employment to provide supplementary income and its role as an informal employment income buffer cannot be discounted. Furthermore, there is ease of entry and exit, especially for those in low and middle income formal employment to find informal work in agriculture, fisheries, as street vendors, taxi drivers for example. It is also quite common for instance for those in other classes, especially those in lower grade professional and routine non-manual class, to embark on small-scale businesses to augment their income (trading in night markets and other informal business activities). Initial capital requirement for these activities is small and can be easily obtained from micro credit facilities such as AIM and TEKUN. In fact members of the 'petit bourgeoisie' may have originated from the salaried middle class such as teachers, clerks and drivers in both public and private sectors. Hence the 'old middle class' or 'entrepreneurial class' is also fragmented.

The role of the informal sector in mitigating crisis and providing income buffers to reduce vulnerability must therefore, be recognised, as relying on formal social protection via the existing formal pillars may not be adequate for most in the developing world. In this context, addressing informality to widen the coverage gap requires caution as the informal sector has long been a buffer for mitigating risk when the formal sector has failed. In other words, the informal sector serves as a sector for survival, providing the mobility zone between classes and income groups.

1.3.3 Ensuring Fiscal Sustainability and Efficiency

Expanding coverage and increasing formality undoubtedly has to be undertaken within a sustainable fiscal framework. Common concerns include who should bear the financial cost of social protection: individuals, family, government, institutions etc. Are current social protection schemes fiscally sustainable? What are the costs of coverage expansion through non-contributory schemes? What are the implications of the move from non-contributory to contributory schemes arising from the needs to curb the fiscal costs of traditional earnings-based defined benefit system? What are the effects of sustained informality on productivity and public revenues? These issues tie well to the third theme regarding the Social Protection Floor Initiative (SPF-I) and the fourth theme on universal social protection. Given the currently low social protection coverage and the difficulty in designing

social protection instruments to include informal workers, these two themes deserve attention in the Malaysian case.

In theme three, an attempt is made to benchmark Malaysia on the Social Protection Floor Initiative (SPF-I). The importance of having a universal social protection system or strengthening the foundation for establishing one is raised by reviewing preliminary evidence of the possibilities using the four basic SPF-I social security guarantees in terms of: (a) guaranteed access to a nationally defined set of goods and services, constituting essential health care, including maternity care, that meets the criteria of availability, accessibility, acceptability and quality; (b) basic income security for children, at least at a nationally defined minimum level, providing access to nutrition, education, care and any other necessary goods and services; (c) basic income security, at least at a nationally defined minimum level, for persons in active age who are unable to earn sufficient income, in particular in cases of sickness, unemployment, maternity and disability; and (d) basic income security, at least at a nationally defined minimum level, for older persons which could serve as a basis for a universal social protection foundation.

The fourth and final theme logically follows the third by questioning Malaysia's ability to provide universal social protection for her citizens. This is done by exploring her fiscal space and assessing her potential to do so, encouraged by increasing evidence that even developing countries could afford to have a universal social protection. A common social protection performance indicator used in this case is the social protection expenditure as a percentage of Gross Domestic Product (GDP). Following that, it reviews Malaysia's current fiscal space by identifying existing funding, comparing it to other developing and developed countries.

1.4 Methodology and Data Source

This working paper draws on earlier work by the author in an attempt to link social protection analysis to the bigger development framework. It utilised secondary data from published and unpublished sources, both local and international, as well as data and information from micro studies on social protection in Malaysia. A note on the data used is provided in Appendix 1.

Box 1: Definitions of Social Protection

ILO

- Definition: The provision of benefits to households and individuals through public or collective arrangements to protect against low or declining living standards
- Conceptual emphasis: Mainly in terms of insurance and extension of provision to those in the informal sector.

World Bank

- Definition: Public measures intended to assist individuals, households and communities in managing income risks in order to reduce vulnerability and downward fluctuations in incomes, improve consumption smoothing and enhancing equity
- Conceptual emphasis: On risk management which frames social protection as both safety net, and spring board through human capital development.

IADB

- Definition: Social protection refers to the set of public policies directed towards lessening the impact of adverse shocks on consumption over time
- Conceptual emphasis: People are vulnerable to risk without social protection; deleterious effect of the lack of social protection on human and physical capital.

ODI

- Definition: Social protection refers to the public actions taken in response to levels of vulnerability, risk and deprivation which are deemed socially unacceptable within a given polity or society
- Conceptual emphasis: Contextually specific understanding of vulnerability and deprivation. Social protection is targeted at the poorest and most vulnerable.

2.0 Concepts and Approaches to Social Protection

It is clear that the literature on social protection is abundant and growing. Nonetheless, there are variations in the concepts and approaches used in the analysis of social protection. The terms themselves, such as social protection, social security and social safety net, are often used interchangeably. In this paper the term social protection is used to refer to the broader concept that relates to development and social policy issues and actions taken by individuals, households, institutions and governments in response to risk and vulnerability. The term social security is more specifically used to refer to social protection instruments such as social insurance and social assistance. Various working definitions, Box 1 above, cited in Sabates-Wheeler and Waite (2003, p. 5), can be a useful guide to some of the definitions used.

2.1 Malaysian Literature on Social Protection

The Malaysian literature on social protection does not address the four chosen themes directly. There is however, a growing body of literature on social protection in Malaysia focussing on aging and the welfare regimes, welfare of the elderly, savings adequacy and informality issues.

It is evident from the literature that Malaysia placed the responsibility for overall welfare on the family and traditional means and not on the state:

“The scope for innovative programs and alternative social protection schemes appears narrow. Malaysia’s development thrusts towards the future places responsibility for social protection on family ties and traditional means. Malaysia adopts a residual welfare approach. The role of the family in terms of welfare and social security is greatly emphasized by the state. Hence there has been a slow progression towards implementing formal comprehensive income maintenance and social protection programs particularly geared to fulfilling the needs of the lower income group”.

(Ragayah Haji Mat Zin, Hwok Aun Lee, & Saaidah Abdul-Rahman, 2000, p. 156)

Saidatulakmal Mohd (2002) addressed the issue of Malaysia’s welfare regimes more directly by outlining the differences in scope and focus at different stages of Malaysia’s development. She adopted the approach of Esping-Enderson (1990), defining welfare regimes in Asia and Malaysia as social policy regimes that include policies on health, education, training, housing, unemployment and poverty reduction that aim to improve the welfare or well-being of people and particular groups such as women, youth, children, the elderly and the disabled (p. 115). Citing Esping-Enderson (1999), she pointed out that the welfare regime approach is precisely concerned with the broader ‘welfare mix’ and the interactions of the public sector, private sector and households in producing livelihoods and distributing welfare.

Her evaluation of Malaysia’s social assistance programmes was linked to the design of Malaysia’s welfare regimes as well as its evolution to eradicate poverty. Within the public sector, the social services expenditure has given priority to education and planning, health and

family planning, housing, and social and community services, with very little attention given to social protections. The low public responsibility for public welfare expenditure was interpreted to be due to a customary reliance on family support which is a socio-cultural norm that remain an ideological element of the traditional welfare system in contemporary Malaysia. Nonetheless, her study also revealed that between 1991-2003, the elderly form the single largest group receiving social assistance from public welfare programmes. This demonstrates changed family relationships and circumstances in Malaysia. This period also marked a shift in government focus and commitment on the welfare of the elderly through the establishment of the National Policy for the Elderly in 1990.

The issue of saving adequacy among the elderly in Malaysia is addressed in several recurring themes in the literature. These themes can be classified into two groups. In the first group, the analysis of the de-saving behaviour of the elderly emerged as part of the literature on savings behaviour in Malaysia in general (Saidatulakmal, 2004). The second group of literature is organised around the broader issue of economic security, financial status and net worth of the elderly. The coverage of issues is wider in this latter group as it not only addresses the subject of savings but also post-retirement employment and income issues, poverty, gender differentials, cost of care and productive ageing, among others. It also include issues surrounding financial planning and literacy, savings behaviour and debt (Hamid & Masud, 2010; Husna & Jariah, 2012; Muhamad & Kamis, 2002; Tan *et al.*, 1999). Nonetheless, despite the growing literature in the latter group, no clear links have been established between ageing and de-saving. What have emerged are the causes for concern regarding the welfare of the elderly as a whole.

2.1.1 Rapid Ageing and Social Security in Old Age: A Regional Perspective

Rapidly aging societies, particularly in Asia, call for greater pension protection of the elderly. Krzysztof Hagemeyer and Valérie Schmitt (2012) shows that although men and women at age 65 and over now constitute 8% of the world's population, they will be 16% of the population by 2050. In 2050, the elderly in less developed countries – it is to be hoped, much more 'developed' by then – will constitute nearly

80% of the world's elderly population. About 60% of them will be living in Asia, with over half in just two countries: the People's Republic of China (PRC) and India. At the same time, the numbers of the older poor are increasing and older people are overrepresented among the chronically poor in most developing countries. According to Help Age International (2006), a global non-government organisation that helps older people claim their rights, challenge discrimination and overcome poverty, two-thirds of older people receive no regular income, while 100 million live on less than USD1 a day. Coverage by old-age pension schemes around the world (apart from industrial countries) is concentrated on formal sector employees, mainly in the civil service and large enterprises.

While the above studies are useful in identifying the focus of social protection research in Malaysia, they are not sufficient for framing social protection analysis across the four themes. The literature below provides a starting point in providing the backdrop for this paper.

2.1.2 Thematic Conceptual Framework

The concepts and approaches to social protection briefly outlined below are thematic and are in no way exhaustive. For theme one, regarding addressing endogenous factors in the social protection, the framework, developed by Holzmann (2001) and that of Sabates-Wheeler and Waite (2004), takes reference in the attempt to frame social protection analysis in this working paper.

In response to similar research questions and issues raised earlier, especially in the aftermath of the East Asian crisis, the WDR 2000 on attacking poverty and the impact of globalisation, Holzmann (2001) proposed a new forward-looking approach to social protection known as Social Risk Management (SRM) that tackles structural and endogenous factors resulting from risks. This approach moves social protection analysis from ex-post poverty mitigation to ex-ante vulnerability considerations. It presents social protection as a safety net which focusses less on the symptoms of poverty and more on its causes. At the time the SRM was proposed, less than a quarter of the world's population of six billion have access to formal social protection and less than five percent have the ability to rely on their own assets to successfully manage risk. The SRM focuses on

responding to a diversity of risk where the types of risk, either idiosyncratic (specific to the individual such as illness, injury, disability and old age, for example), or covariate (arising from natural disasters, wars or political strife) matters in risk mitigation.

The SRM approach propagates that since risk is not necessarily exogenous, there are many more strategies to deal with risks than simple insurance, including risk reduction, risk mitigation and risk coping strategies (Holzmann, 2001, p. 5). In this way, the SRM framework takes into consideration public policy that impacts vulnerability and income variability such as macroeconomic stability, preventive measures against natural disasters and infrastructure investment, for instance, as well as income redistribution and social inclusion in social protection analysis.

There is more to the SRM besides enhancing social protection as a tool for mitigating risk and vulnerability. It includes promoting opportunities and inclusiveness across gender, ethnic and social divides, as well as facilitating empowerment through the creation of platforms that foster growth and equity. The *ex ante* public interventions SRM framework in many developing countries, however, seems to focus more on the narrower form of labour market, social insurance and social assistance policies. Elements of these early frameworks re-emerged in the WDR 2014, where risk management is seen as a powerful instrument for development.

Sabates-Wheeler and Devereux (2008) traced the social protection discourse as a critical response to the 'safety nets' discourse of the late 1980s and early 1990s. They summarised that safety nets then were seen as the third prong of the World Bank's three-pronged approach to 'attacking poverty' and conceptualised as minimalist social assistance in countries too poor and administratively weak to introduce comprehensive social welfare programmes. They observed that as new thinking emerged in areas such as 'rights-based approaches', 'sustainable livelihoods' and the multidimensional nature of poverty and vulnerability, safety nets began to be criticised as residualist and paternalistic, and more sophisticated alternatives such as the SRM began to be proposed. In their view, 'Largely missing from the World Bank's "social risk management" framework, for instance, is a concern

for equity and social rights' (Sabates-Wheeler & Devereux, 2008, p. 92).

In an earlier work, Sabates-Wheeler and Waite (2003, p. 6) referred to the traditional social protection package as 'an agenda primarily for reducing vulnerability and managing the risk of low-income individuals, households and communities with regard to basic consumption and social services'. They too have argued that these traditional packages of social protection do not address the source of vulnerability as they are focussed on managing the risk as an exogenously given factor so that one or more vulnerabilities (economic, physical, consumption) can be alleviated. They also draw attention to the fact that there is little discussion on the endogeneity or socio-political construction of most shocks and risks.

The outcome of this approach then results in the creation of social protection instruments that focus on interventions which logically target income or consumption transfers to affected individuals. In response, Sabates-Wheeler and Stephen Devereux (2004) proposed a 'transformative' element in their social protection framework. This 'transformative' element refers to the need to pursue policies that integrate individuals equally into society, allowing everyone to take advantage of the benefits of growth and enabling excluded or marginalised groups to claim their rights. This would mean moving away from the traditional definition of social protection from a narrow 'safety net' perspective where social protection becomes a mechanism for consumption smoothing in response to declining or fluctuating incomes.

Sabates-Wheeler and Stephen Devereux (2004) then proposed a conceptual definition of social protection which they claim to not only incorporate but also goes beyond transfer-based responses to economic risk and vulnerability. For them:

"Social protection describes all initiatives that transfer income or assets to the poor, protect the vulnerable against livelihood risks, and enhance the social status and rights of the marginalized; with the overall objectives of extending the benefits of economic growth and reducing the economic or social vulnerability of poor, vulnerable and marginalized groups". (p. 9).

The resulting social protection instruments arising from this conceptualisation are identified as:

“ ‘provision measures’, which provide relief from deprivation; preventive measures, which attempt to prevent deprivation; promotive measures, which aim to enhance incomes and capabilities; and transformative measures, which seek to address concerns of social justice and exclusion”. (p. 100).

The concepts developed by Holzmann (2001), Sabates-Wheeler and Stephen Devereux (2004; 2008) and Sabates-Wheeler and Waite (2003), among others, can be of interest to researchers who are keen on analysing structural and endogenous explanations to the challenges of expanding coverage and addressing informality issues in social protection analysis. Following (Holzmann, 2001) and Sabates-Wheeler and Waite (2003), this paper aims to add another dimension to this literature. It analyses structural and endogenous inequalities that could limit the success of social protection instruments derived from an employment-based strategy in Malaysia, from a social stratification perspective. In this case inequality resulting from the social stratification process is placed at the core of the framework. This is the subject of theme one and is linked to an employment-based welfare strategy but it also cuts across the rest of the themes. It demonstrates a different way of conceptualising vulnerability to risk by identifying the source of vulnerability itself from an individual, group or class perspectives.

Despite the growth in social safety net and social protection literature, which depicts social protection as instruments for responding to risk and vulnerability, there is no universal concept of vulnerability as yet. Alwang *et al.* (2001) offer a review of the different approaches, concepts and definitions of vulnerability while Draxler (2006) focusses more on risk, uncertainty and welfare in the context of globalisation and risk management in Europe.

This paper attempts to show vulnerability as endogenously rooted in the structure of inequality represented by inequality pyramids and juxtaposing that to the more limited income vulnerability of individuals and households, more specifically to income poverty defined by the

poverty line income (PLI). This follows the arguments by Sabates-Wheeler and Stephen Devereux (2008, p. 96) that:

“Rather than focusing on risk as an exogenously given factor to be managed, vulnerability is conceptualized as emerging from and embedded in the socio-political context, then our attention would no longer be focused on how to design a policy so that various groups face less risk in a given context, but on how to transform this context to minimize risk for a range of vulnerable groups”.

Following this, it is concluded that, issues of expanding coverage, reducing informality and fiscal sustainability must take endogenous structural risk and vulnerability into consideration.

Next, the inequality framework discussed in theme one is applied to theme two in an attempt to understand the limitations of an employment-based welfare strategy and social protection instruments in providing human security for all. ‘Human security’ is most often associated with the 1994 Human Development Report on Human Security (Alkire, 2003). It is concerned with ensuring growth and development for the security of human life and dignity and not just security of the nation state or territory. Freedom from fear or peace and freedom from want or hunger and poverty are key components underlying this concept which also signify freedom from vulnerability. This includes vulnerability to oppression and physical violence, vulnerability to poverty and destitution, vulnerability to downside risks, disasters and economic destitution, among others (Fukuda-Parr & Massineo, 2012). For these authors, human security is an idea that is closely related to the concept of human development and human rights. The concepts underlying the SRM, human security and the transformative elements discussed above, undoubtedly have, the potential to contribute towards the strengthening of social protection framework and analysis in Malaysia.

Theme three on benchmarking Malaysia on the Social Protection Floor Initiative (SPF-I) draws on the perspective of social protection from the United Nations (UN). From the viewpoint of the UN, social protection is seen as a set of public and private policies and programmes undertaken by societies in response to various contingencies to offset the absence or substantial reduction of income from work; to provide

assistance for families with children as well as provide people with health care and housing. These include secure access to income, livelihood, employment, health and education services, nutrition and shelter. Social protection is considered multi-dimensional, and does not refer solely to meeting variability in cash income with public transfers or regulated insurance. (Butter & Kock, 2003).

The UN perspective has developed further as a joint effort to build a global coalition to support countries committed to building national social protection floors for their population. Launched in April 2009, activities of the initiative are open for participation to all organisations that want to support the cause of strengthening social protection for all in need. Organisations that are involved include: ILO, World Health Organisation, FAO, International Monetary Fund, OHCHR, UN Regional Commissions, UNAIDS, UN-DESA, UNDP, UNESCO, FAO, UNFPA, UN-HABITAT, UNHCR, UNICEF, UNODC, UNRWA, World Food Programme, WMO, World Bank, ADB, BMZ, DFID, HelpAge International, Save the Children, ICSW, GIZ, ESN, Ministry of Foreign Affairs Finland, French International Health and Social Protection Agency, GIPS and others.

As countries are at different stages of economic development and facing different challenges, socioeconomic needs and fiscal constraints, the SPF-I, recommends that the national social protection floor policies should be country-defined and based on affordability at the national level. What is heartening is that, cost calculations by various UN agencies showed that a basic floor of social transfers is globally affordable at virtually any stage of economic development, even if the funding is not yet available everywhere. This conclusion connects to theme four regarding cost, affordability and national fiscal space. The question of affordability however, needs to be defined and applied to costs of current and future social protection arrangements. It requires an in-depth analysis of fiscal space which is not done in this paper, as the main objective here is to discuss the framing of social protection analysis in Malaysia around four main themes, one of which relates to affordability. The point to be made here is that, given existing challenges to providing adequate social protection coverage for both formal and informal workers, the need to have some elements of universal social protection which are non-contributory must be incorporated in the framing of social protection analysis in Malaysia.

This would allow evidenced-based policy making that is not static but one that allows for the flexibility to tweak the framing of social protection analysis to meet changing circumstances. More importantly, it would also shift the implicit assumption that developing countries could not yet afford to have universal social protection to the assumption that it could. Having a universal social protection policy in place could then encourage entrepreneurial risk that could contribute to growth and economic development as suggested in the social protection literature, particularly the SRM.

This is in line with the path already taken by developed countries where their social protection systems have evolved to better serve their changing national requirements. No matter what the drivers of this evolution were, the ultimate purpose of social protection should be to promote inclusion, human development and eventually human security. Social protection should not be limited to delivering a residual policy function of assuring the welfare of the poorest. Hence it must take into consideration the discussions under the four themes and take into account the different needs of countries at different times and stages of development.

As evidence shows, developed countries today have invested massively in social security in times of prosperity, especially after the Second World War. Social security provisions available in developed countries today include pension, social insurance and unemployment insurance. Their pension systems cover more than 90 percent of the labour force. With the exception of the United States, all developed countries today have universal health insurance and unemployment benefits (unemployment insurance and social assistance). Despite some significant direct and indirect costs, social security has generated enormous benefits in terms of income maintenance, poverty reduction and economic stability in the developed world (Dethier, 2007). It is imperative that Malaysia moves towards achieving these goals in her quest to become a developed nation.

PART II
Framing Social Protection Analysis in
Malaysia: Applying Concepts and
Themes to Data

This part of the paper applies the four themes and concepts to data and, discusses issues regarding social protection analysis in Malaysia in light of empirical findings.

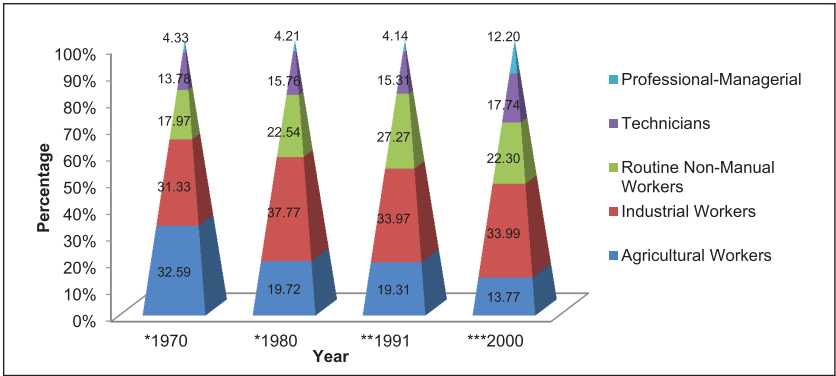
3.0 Theme 1 – Endogenous and Structural Issues in Malaysia: Inequality and Vulnerability

This section aims to address inequality in Malaysia as the endogenous factor responsible for the socio-political construction of most shocks and risks. According to a study on inequality and income distribution in 141 countries between 1990-2008 by Ortiz and Cummins (2011, p. 7), middle income countries appear the most unequal. They noted that the top quintile controls more than 80 percent of global income contrasted by a paltry percentage point for those at the bottom (p. 19). Additionally, the Gini Index trends showed that Eastern Europe/former Soviet Union and Asia had the largest increases between 1990 and 2008. Latin America remains the region with the highest level of income inequality, although the region is marked by significant improvement since 2000. Nonetheless, the Gini measure for a few countries in Asia such as Thailand, Malaysia, Philippines and Mongolia noted a decline in inequality (*ibid.*, p. 27).

Malaysia's Gini Index exceeded 0.5 from 1970 to 1979. Although now declining, it remained high in the eighties, fluctuating at around 0.46 up to 2004, going down to 0.43 and 0.42 in 2012 and 2014, respectively (Economic Report, various years). The Gini Index for an advanced capitalist country like the United States for example is also high at 0.451 for 2012. Concerns for growing inequality and lack of upward mobility, social security provisions and how they have impacted the bargaining power and the purchasing power of the American middle classes, underlined the State of the Union Address of President Barak Obama early last year. Measuring inequality from a social stratification perspective using occupational and income data, and using the inequality pyramids to represent the structure of inequality, this study clearly showed that the majority of Malaysians, including fractions of the middle classes, dominates the bottom strata where vulnerability is strongest despite the apparent decline in the Gini Index. This finding raised similar concerns for the welfare of those at the bottom of the inequality structure including the middle classes in Malaysia (Shamsulbahriah, 2014). Class and income inequalities of individuals and households can be observed from the inequality pyramids below.

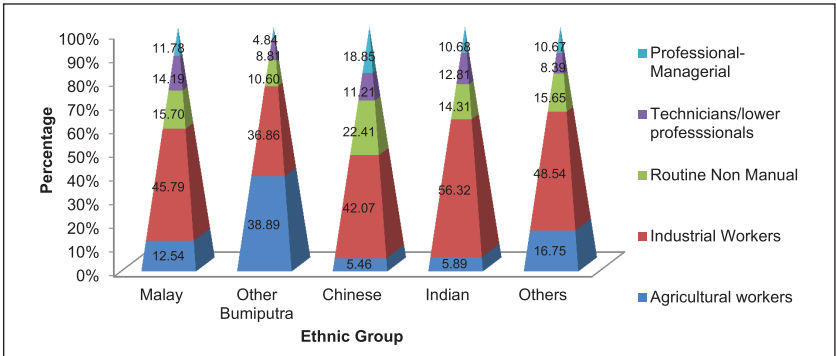
The inequality pyramids constructed from a class perspective revealed that the majority of Malaysians were found at the lowest levels of the class structure, as agricultural and industrial workers, where vulnerability is strongest. This is true for the Malays, Chinese and Indians, as well as for men and women from 1970 to 2000 (Figures 1, 2 and 3). In other words, the structure of inequality is reproduced within ethnic groups and gender.

Figure 1: Social Stratification in Malaysia (1970-2000)



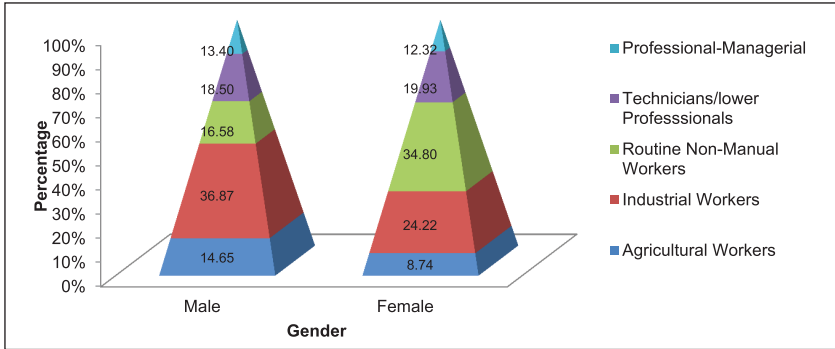
Source: * 2 per cent sample Census data (1970 & 1980); ** 2 digit Census data (1991) and *** 2 digit Census data (2000), Department of Statistics Malaysia & Shamsulbahriah (2014)

Figure 2: Class and Intra-Ethnic Inequality 2000



Source: Census Data (2000), Department of Statistics Malaysia (Malaysian citizens only) & Shamsulbahriah (2014)

Figure 3: Intra Group Inequality: Class and Gender 2000



Source: Census Data (2000), Department of Statistics Malaysia & Shamsulbahriah (2014)

Income stratification shown in Table 1 and Figure 4 also showed that the overall income of private sector employees in Malaysia is very low for those at the bottom of the pyramids. Measuring social classes in Malaysia is addressed in another paper (Shamsulbahriah, 2014). As the income brackets in this data are pre-determined a ‘class dimension’ is suggested. Those earning an income of RM3000 include the lower middle class, the new poor and the near poor with an income range of USD10-USD30/day. In combination these three groups make up 70% of almost 5.5 million private sector employees or close to half of Malaysia’s labour force in 2007. Their size declined to 67% in 2012.

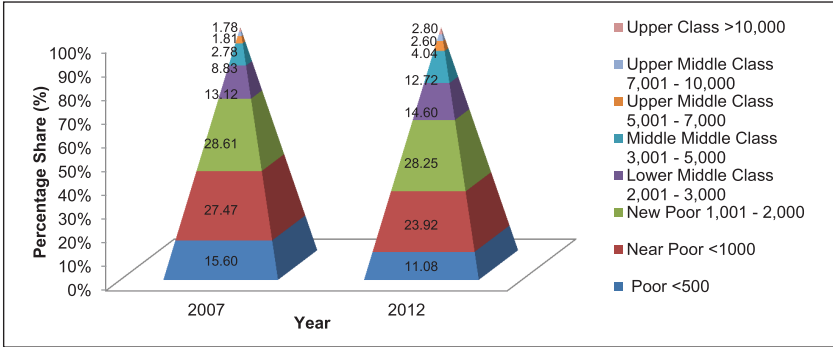
Table 1: Class and Income Inequality (2007 and 2012)

Income Brackets	USD per day	2007	2012
Upper Class >10,000	101.01	1.78	2.80
Upper Middle Class 7,001 - 10,000	70.72 - 101.01	1.81	2.60
Upper Middle Class 5,001 - 7,000	50.52 - 70.71	2.78	4.04
Middle Middle Class 3,001 - 5,000	30.31 - 50.51	8.83	12.72
Lower Middle Class 2,001 - 3,000	20.21 - 30.30	13.12	14.60
New Poor 1,001 - 2,000	10.11 - 20.20	28.61	28.25
Near Poor <1000	10.10	27.47	23.92
Poor <500	5.05	15.60	11.08
Total		100.00	100.00

Source: EPF Data (2007 and 2012) [Cited from Shamsulbahriah (2014)]

Note: Estimated Exchange Rate at USD1.00 = RM3.30

Figure 4: Class and Income Inequality (2007 and 2012)



Source: EPF (2007 and 2012)

The vulnerable majority at the bottom appears trapped in a self-replicating inequality structure arising from a vicious circle of low skills/ low educational levels, low income and savings. Labour power is the most important asset for these groups.

While the class and income pyramids capture characteristics of vulnerability from individual class and income perspectives, data from the Malaysian Household Income Survey (HIS) depicts the vulnerability of Malaysian households. The majority of Malaysian households, irrespective of race, are found at the bottom of the income pyramids as well, falling within the income range of USD10-USD50 a day (Shamsulbahriah, 2014). This income range has also been used by the government to identify vulnerable groups for subsidy targeting under the NEM. The lower end begins from the PLI of RM860 and the upper end is up to household incomes below RM3000 and RM3001 - RM4000 for BR1M beneficiaries.

Using this income range allowed stratification, differentiation and fragmentation of the Malaysian income classes to be visible. Those at the bottom of the pyramids can be considered as the 'working poor'. This group could be further differentiated as the 'near poor' and the 'new poor' (Table 2; Figure 5). Common concerns for these groups and segments of the upper middle class as well relate to the rising cost of housing, healthcare, transport and fuel, general rising cost of living, rising debt burden, bankruptcies due to inability to keep up with

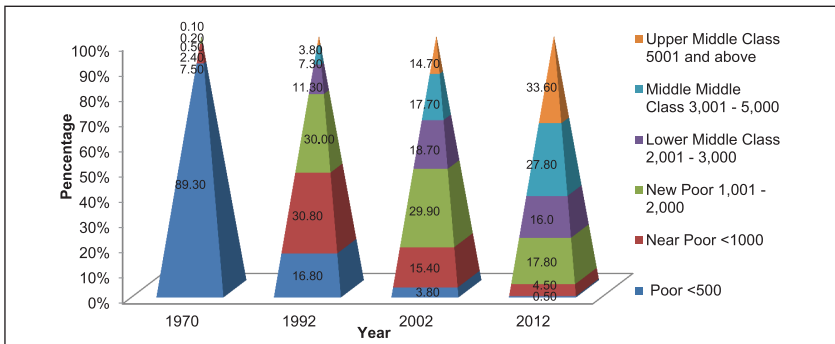
Table 2: Percentage Distribution of Households by Income Classes in Malaysia (1970-2012)

Income Class	USD per day	1970	1992	2002	2012
Upper Middle Class 5001 and above	50.52	0.10	3.80	14.70	33.60
Middle Middle Class 3,001 - 5,000	30.31 - 50.51	0.20	7.30	17.70	27.80
Lower Middle Class 2,001 - 3,000	20.21 - 30.30	0.50	11.30	18.70	16.00
New Poor 1,001 - 2,000	10.11 - 20.20	2.40	30.00	29.90	17.80
Near Poor <1000	10.10	7.50	30.80	15.40	4.50
Poor <500	5.05	89.30	16.80	3.80	0.50
Total		100.00	100.00	100.00	100.00

Source: Household Income Survey (HIS) Data, EPU (2012) [Cited from Shamsulbahriah (2014)]

Note: Estimate Exchange Rate at USD1.00 = RM3.30

Figure 5: Percentage Distribution of Households by Income Classes in Malaysia (1970-2012)



Source: Household Income Survey (HIS) Data, EPU (2012) [Cited from Shamsulbahriah (2014)]

housing loans, car loans and credit card repayments and a lack of sufficient, comprehensive, consistent and reliable social safety nets.

The above findings are of no surprise as inequality is self-replicating. The main driver of vulnerability is in fact the social stratification system, a system which is endemic and responsible for reproducing the structure of occupations, social classes and inequality in society. As confirmed by all these data source, the inequality structures have not changed much. The majority of Malaysians remained at the bottom of the pyramids in low skilled and low income occupations constituting the all-time vulnerable classes.

The concentration of the majority of workers at the bottom of the inequality pyramids is also a reflection of the low levels of education and skills of Malaysia workers. Our education system seems to prepare the majority of us to be employed at the bottom of the occupational hierarchy and to consequently occupy the bottom of the inequality pyramids. The rise to the top is slow and restricted to a small group. More importantly, these positions determine the levels of social protection available under an employment-based welfare system. This implies lower levels of social protection for groups at the bottom of the inequality structure and higher for those at the top.

It is evident from the above discussion that an employment-based welfare system using occupation and higher education as the vehicles to attain higher income and access to social protection tools, whether public or private, is in itself limited. These criteria also defined the social protection path of those in the formal sector. As is increasingly evident, the risk of unemployment and market crash are making people less able to depend on an employment-based welfare system for survival in times of crisis. Those highly educated at the top of the occupational hierarchies such as professionals, company executives, doctors and lawyers, for example, are also susceptible. Moreover, this group also tends to invest in the stock market, mutual funds, private retirement products (PRS), foreign currencies etc. It has been proven that when the stock market crashed, many in this group are at risk of losing their investments. Unemployment at the top is also increasingly evident from the inability of Malaysian graduates to find jobs. If social protection is dependent on jobs to provide a steady income that can pay for social security packages, what would be available to workers when jobs are lost?

3.1 Rising Household Debt: It Is Expensive to Be Poor

Rising household debt is another cause for concern. According to the Central Bank Report on *Financial Stability and Financial Systems 2013* (p. 15), the level of household indebtedness in Malaysia increased to 86.8 percent of GDP as of the end of December last year, fueled by loans for properties (47%) and motor vehicles (20%). Although this increase is slower than that of the previous year, analysts are of the opinion that this is one of the highest in the region and will continue to spiral. Measures have been introduced by the Central Bank to curb the

excessive indebtedness since 2010, particularly aimed at reducing the vulnerability of lower income households with monthly earnings of RM3000 from becoming over-leveraged.

Rising household debt has been linked to the lack of financial literacy. The question here is that is it likely that workers in the formal sector will be retiring into debt and even poverty with their already low income more or less halved by the end of their employment period. Furthermore the amount of gratuity and other benefits will not be able to cover the cost of debt repayment and livelihood, and worse, they may even be exposed to the risk of bankruptcy. Evidence from micro studies suggests a high likelihood for the elderly in Malaysia to outlive their savings.

A study of the 'Determinants of Saving Behavior and Financial Problem among Employees in Malaysia' by Delafruz and Paim (2011) showed that workers' debt is increasing faster than inflation. This is due to the erosion of purchasing power among low income Malaysian households resulting from an increase in the cost of living, such as higher food prices, energy costs and health care expenses, which reduces their ability to save for retirement. This study also noted the increase in the number of those filing for bankruptcy based on data from the Malaysia Central Bank. The rising debt problem and bankruptcies in Malaysia today are of growing concern, and have been linked to the lack of financial planning and financial literacy among the Malaysian population.

On top of that, a recent Report on the State of Households by the Khazanah Research Institute (KRI) revealed that instalment plans and high interest rates have caused poor consumers to pay more for household goods such as cars, televisions, refrigerators and washing machines, as they cannot afford to pay cash. These consumers could be paying an annual percentage rate (APR) of up to 50 percent for these items (The Edge, 17th November, 2014). We can add other gadgets such as mobile phones and iPads to the list. Consumption of these household items are often used to measure the affluence of the middle classes but now it seems to indicate indebtedness and vulnerability of these groups. It is expensive to be poor.

From the above discussion it is logical to conclude that the structure of inequality is endogenous to the system from which vulnerability stems. The room at the bottom where vulnerability is strongest cuts across class, gender and ethnicity in the Malaysia (Shamsulbahriah, 2014).

While vulnerability drivers of these diverse groups include a host of factors from low skills, low income, low savings, crises and other global dynamics, Malaysia is also facing the disintegration of the traditional family system resulting from divorce, late marriages, migration, a rapidly ageing population and labour market issues such as insufficient post retirement employment opportunities and inadequacy of post retirement income. Mainstreaming endogenous and structural inequalities in deriving a comprehensive social protection strategy will serve Malaysia well in achieving its aspiration to become a developed nation where a social protection is available for all.

4.0 Theme 2 – Human Security and Employment-Based Welfare

Addressing weaknesses in the Social Protection system in Malaysia requires some stock-taking of global and national challenges. Hence, issues relating to expanding coverage, addressing informality and ensuring fiscal sustainability must be contextualised within an appropriate framework for analysis. In this regard the fact that social protection systems around the world are increasingly becoming employment-based rather than welfare-based as can be observed from the shift from Defined Benefit (DB) to Defined Contribution (DC), the impact of globalisation on labour market flexibility, the resulting decline in the money wage component of social wage and the rise of ‘flexicurity’ as an emerging social protection paradigm, must be taken into consideration. At the same time, endogenous factors outlined earlier, such as structural inequalities that gave rise to vulnerability drivers such as structural unemployment, the predominance of low income occupations resulting from low levels of skills as well as rising debt problem, cannot be ignored in addressing social protection issues in Malaysia. The following section highlights further concerns surrounding the current social protection climate.

4.1 The Global Backdrop: Labour Market Flexibility and ‘Flexicurity’

Globalisation has created a seamless world that allows the intensification of capital and labour mobility. The relocation of capital from developed to developing countries has been accompanied by rising unemployment in the country of origin, labour market flexibility, casualisation of labour, the rise of part-time and sub-contracting work associated with the growth of the informal sector in developing countries. In tandem with this development is the lowering of social protection and

the weakening of union power where 'flexicurity' and 'insecurity' became additional contenders on the social protection agenda.

4.1.1 Employment-Based Welfare and 'Flexicurity'

Flexibility of labour markets has been accompanied by a 'flexicurity' approach to social protection provisions in Europe. 'Flexicurity' embodies a policy strategy to enhance the flexibility of labour markets, the work organisation and labour relations on the one hand and to enhance employment and income security of weaker groups in and outside the labour market on the other (Schmidt, 2005, p. 10). According to Schmidt this policy strategy has limited relevance in small parts of Europe only. In particular because the social wage is being eroded everywhere and regular employment is increasingly treated as a luxury that cannot be afforded by many (ibid., p. 11). Given the present climate of casualisation and informalisation of labour and the rise of 'flexicurity' as a policy measure in developed countries, can Malaysia or any country afford not to provide universal social protection for their citizens?

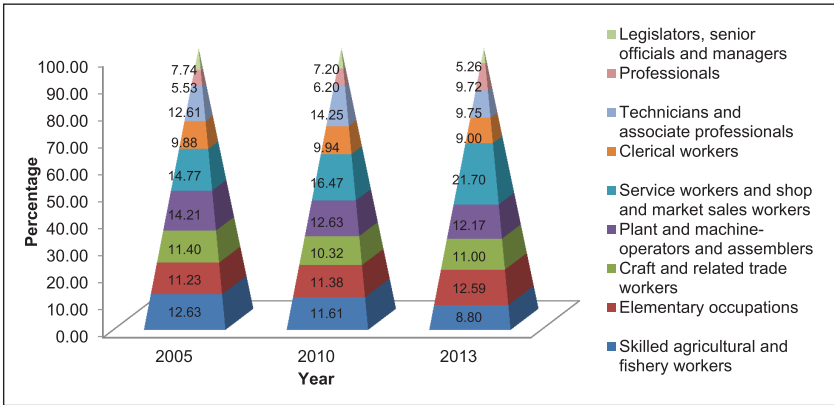
4.1.2 Employment-Based Welfare and Informality

Bearing in mind the structural nature of inequality discussed in theme one, an employment-based welfare strategy must also address informality in the context of rising insecurity due to casualisation of labour and labour market flexibility. The informal sector for instance has been interpreted as having two faces. The first has long served as a sector of last resort/survival during crises as well as a source of complementary/seasonal income. The 'invisible' nature of unskilled informal work attracts a diverse group of workers such as women working from home and migrant workers hiding from the authorities, providing fertile grounds of abuse by employers and employees alike. The second serves as a sector of choice for the mobile elites or skilled salariat at the top of the employment hierarchy moving in a borderless employment market and small businesses, some associated with the expansion of the shadow economy. This group is comprised of owners of 'esoteric knowledge', either in the form of education and skills, cultural or political leverage or all three (Shamsulbahriah, 2014). Inadequate social protection coverage applies more to the earlier group, whose main asset is their power to labour. Increased casualisation for this group makes money wages insecure and an insufficient part of social income. Furthermore they are constantly at risk of unemployment.

4.1.3 Employment-Based Welfare and Insecurity of the Malaysian Workers

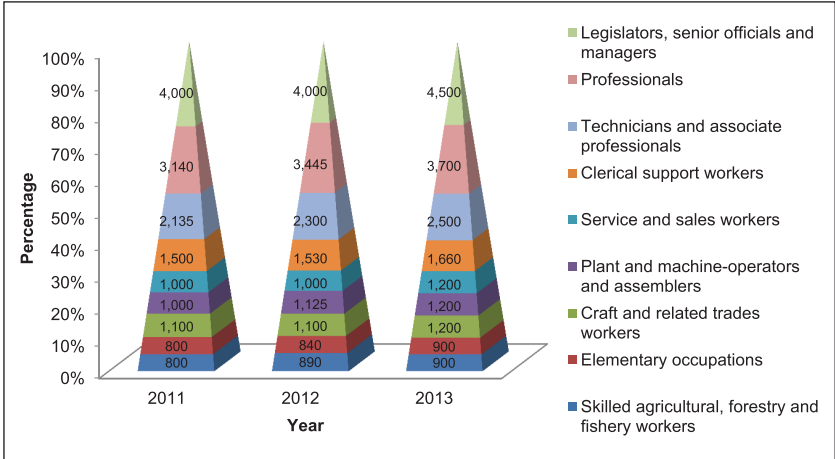
The structure of occupations in Malaysia is a reflection of the structural and endogenous nature of inequality already discussed. This is the structure of the labour force upon which the employment-based social protection strategy is built. The occupational stratification in Malaysia for 2005 and 2015 demonstrates more of the same, whereby a large segment of Malaysian workers are found at the bottom half of the pyramids performing elementary jobs, working as plant and machine-operators, and agricultural and fishery workers, as well being found at the bottom half of white collar occupations such as crafts and trades, service and clerical jobs with low skills, and having low wages and low levels of social protection even in the formal sector (Figure 6). The corresponding median incomes for these occupations from 2011 to 2013 are also low (Figure 7). Those earning below RM3000 comprise more than half of Malaysian workers. Going to the top of occupational and income hierarchies, we find that half of employees have a median income of RM4500 while half of those at the bottom earn RM900 or the current minimum wage. Presented differently in Figure 8, the wage income in Malaysia demonstrates a classic champagne glass development model whereby a large proportion of jobs is concentrated at the bottom while more income circulates at the top and is slow to trickle down.

Figure 6: Occupational Stratification (2005-2013)



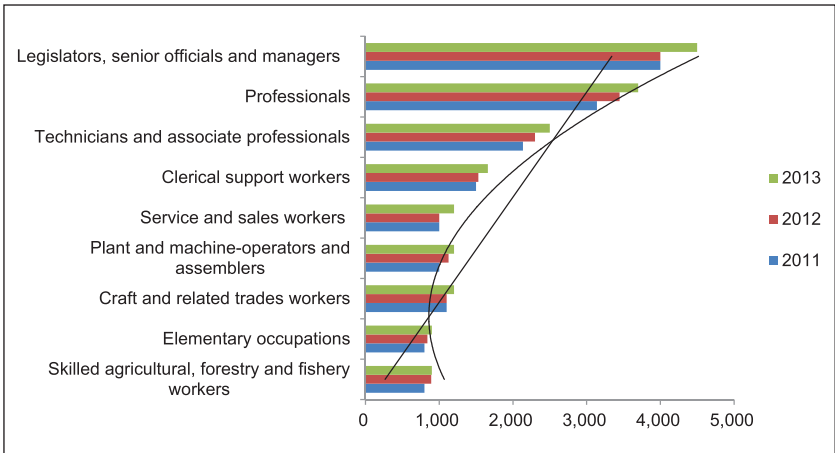
Source: Labour Force Survey Report, Department of Statistics (2014)

Figure 7: Occupational and Income Stratification (2011-2013)



Source: Labour Force Survey Report, Department of Statistics (2014)

Figure 8: Occupational and Income Stratification: Champagne Glass Development?



Source: Labour Force Survey Report, Department of Statistics (2014)

4.1.4 Components of Social Income

There are two oft-referred-to components of social protection in the literature that are widely accepted today. The first is social assistance/social care designed to transfer resources and support, normally in the form of cash to groups in poverty, including the eligible elderly population. This can be considered as a last resort social safety net for those in need. The second is social insurance which is mostly earnings and relates to contribution. The aim in this case is to pool resources based on the insurance principle. This could be in the form of retirement pension and disability benefits, as juxtaposed against the social wage components in Table 3. Evidently so, Malaysia has already operationalised these basic social protection tools comprising the social assistance or Pillar 0 and the informal family pillar or Pillar 4. The social insurance components comprised Pillar 2 (mandatory defined contribution plans such as the EPF (Employees Provident Fund) and LTAT (Armed Forces Fund Board) plus Pillar 1 (Defined Benefit / Matching Contribution Systems such as Civil Service Pensions and SOCSO).

The following section examines the components of social wage more closely, in order to highlight its implications on an employment-based welfare strategy for Malaysian workers against the social protection Pillars available. Standing (2008, p.4) decomposed the components of social income as comprising of up to six income sources, which has been adapted in Table 3:

$$SI = SP + W + CB + EB + SB + PB$$

SI = Social Income

SP = Self-production (self-consumed/bartered/sold)

W = Money wage/income from work (basic wage + bonus)

CB = Value of benefits/support provided by the family (family transfers + community transfers including income from charity and NGOs)

EB = Amount of benefits provided by the enterprise/firm/employer (non-wage-benefits provided by firms + contingency, insurance type benefits provided by firms to workers)

SB = The value of state benefits in the form of insurance or transfers (universal state benefits + insurance-based income transfers from the state for contingencies' needs + discretionary means-tested income transfers from the state)

PB = Private income gained through private investment and insurance

The above composition of Social Income is further disaggregated as follows:

$$SI = SP + W (Wb + Wf) CB (FT + LT) + EB (NWB + IB) + SB (C + IS + D) + PB$$

Wb = the base or fixed wage,

Wf = the flexible part of the wage (bonuses, etc.),

FT = Family transfers,

LT = Local community transfers, including income from charity, non-governmental organisations, etc.,

NWB = non-wage benefits provided by firms,

IB = Are contingency, insurance-type benefits provided by firms to their workers,

C = Universal state benefits (citizenship rights),

IS = Insurance-based income transfers from the state in case of contingency needs,

D = Discretionary, means-tested transfers from the state

According to Standing, casualisation of labour as a result of globalisation has led to a steady restructuring of social income. An increasing share of worker remuneration is now coming from money wages, which are becoming increasingly insecure. As such, he calls for new ways of providing income security in order to avoid anxiety and alienation. His conclusions support the view of the author that an employment based welfare strategy is limited in protecting workers, especially in the context of rising insecurity and 'flexicurity'.

Furthermore, data on components of GDP by income approach in Malaysia showed that the share of wages in Malaysia has been more or less stagnant at around 35% since the 1970s (Figure 9). As already observed, wages are low, as seen from the data on median income. Under the circumstances, it is imperative that the implications of an employment-based welfare strategy, the structural dimensions of inequality and its impact on human security be given due consideration. This is crucial as the prevalently low wages in Malaysia, makes access to private and voluntary tools for social protection and products under Pillar 3, such as the PRS, limited to only those who find it affordable and are able to take risks. Furthermore, choosing among the PRS products sold by banks assumes a high degree of financial literacy that would enable consumers to distinguish a good sales pitch from a

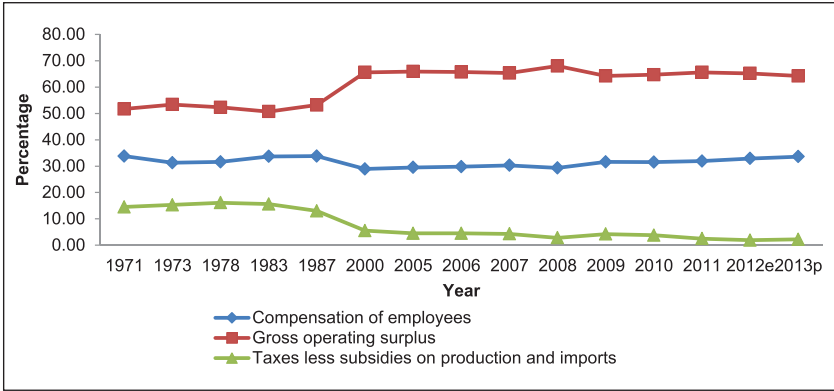
Table 3: Employment-Based Welfare: The Five-Pillar Social Protection Typology and Social Wage Components

<p>Social Wage Component $SI = SP + W (Wb + Wf) CB (FT + LT) + EB (NWB + IB) + SB (C + IS + D) + PB$</p>	<p>Employment-Based Social Protection Occupation Formal Employment</p>	<p>Wage (RM) (Median Income 2013)</p>	<p>World Bank Five-Pillar Typology for Pension Reform Core Objectives of Pension Systems <input type="checkbox"/> Protection against the risk of poverty in old age <input type="checkbox"/> Consumption smoothing from work to retirement</p>
<p>W = Money wage/income from work (basic wage + bonus) High income</p> <p>PB = Private income gained through private investment and insurance</p>	<p>(Public and Private Sector) Legislators, senior officials and managers Professionals</p> <p>Open Access/affordability/financial literacy</p>	<p>4,500</p> <p>3,700</p>	<p>3</p> <p>Third Pillar [Voluntary taking many forms; DB or DC] Voluntary saving schemes, Life / Health insurance, Bond, savings & stocks, PNB, BNM, Securities Commission</p> <p>1Malaysia Retirement Savings Scheme (Introduced in 2010)</p> <p>PRS: Private Retirement Schemes (Introduced in 2011)</p>
<p>W = Money wage/income from work (basic wage + bonus)</p> <p>EB = Amount of benefits provided by the enterprise/firm/employer (Non-Wage-benefits provided by firms + contingency, insurance type benefits provided by firms to workers)</p>	<p>(Private Sector) Legislators, senior officials and managers Professionals Technicians and associate professionals Clerical support workers Service and sales workers Craft and related trades workers Plant and machine-operators and assemblers Elementary occupations Skilled agricultural, forestry and fishery workers</p>	<p>4,500 3,700 2,500 1,660 1,200 1,200</p> <p>1,200 900 900</p>	<p>2</p> <p>Second Pillar [Mandatory defined contribution plan with independent investment]</p> <p>EPF Employees Provident Fund</p> <p>LTAT (armed forces pension scheme)</p>

<p>W = Money wage/income from work (basic wage + bonus)</p> <p>EB = Amount of benefits provided by the enterprise/firm/employer (Non-Wage-benefits provided by firms + contingency, insurance type benefits provided by firms to workers)</p>	<p>(Public and Private Sector) Legislators, senior officials and managers Professionals Technicians and associate professionals Clerical support workers Service and sales workers Craft and related trades workers Plant and machine-operators and assemblers Elementary occupations Skilled agricultural, forestry and fishery workers</p>	<p>4,500 3,700 2,500 1,660 1,200 1,200 1,200 900 900</p>	<p>1</p>	<p>First Pillar [Mandatory with contributions linked to earnings; PAYG & publicly managed] Civil service pension and Retirement Fund Incorporated (KWAP)</p> <p>Objective of replacing some portion of lifetime pre-retirement income</p> <p>Civil Service Pension Scheme (unfunded defined benefit)</p> <p>SOCSCO - Work injury and Disability (funded defined contribution)</p>
<p>CB = Value of benefits/support provided by the family (family transfers + Community transfers including income from charity and NGOs)</p>	<p>Open Access Residual Approach</p>		<p>4</p>	<p>Fourth Pillar [Informal support; Social programs for healthcare or housing, & individual assets] Informal intra-family sources or intergenerational support; financial / non-financial, healthcare and housing</p>
<p>Social Protection Floor</p>			<p>X</p>	
<p>SP =Self-production (self-consume/bartered/sold)</p> <p>W = Money wage/income from work (basic wage) Low wage/irregular/informal</p> <p>SB = The value of State benefits in the form of insurance or transfers (universal state benefits + insurance-based income transfers from the state for contingencies needs + discretionary means-tested income transfers from the state)</p>	<p>Plant and machine-operators and assemblers Craft and related trade workers Elementary occupations Skilled agricultural and fishery workers</p>	<p>1,200 900 900</p>	<p>0</p>	<p>Zero Pillar [Non-contributory social assistance financed by the state, fiscal conditions permitting]</p> <p>Zakat, Other poverty and welfare assistance programs, i.e. Single Mothers Assistance, Older Persons' Aid (BOT), Disability worker allowance.</p>

Source: The first column is derived from the composition of social wage in Standing, G. (2008). The 3rd and 4th columns were adapted from the World Bank Multi Pillar Taxonomy (2005, p.7 & 8), Holzmann "The Malaysian Social Security System for Review", SSRC, UM, April 18, 2013 and Tengku Aizan (2012)

Figure 9: Malaysia: Gross Domestic Product Income Approach (1971-2013)



Source: Gross Domestic Product Income Approach 1971-2013, Department of Statistics Malaysia (2014)

sound financial advice. As banks are not social protection institutions and driven by profit motive and not social protection provisions, there are no guarantees on returns on PRS products sold. As it is, coverage under Pillars 2 and 1 in Malaysia is already limited and small in amount. Furthermore, when companies go bust, Pillar 2 will also disappear. Pillar 1, supported by the government may hold temporarily through bailouts. Pillars 0 and 4 would still be the last resort and make the proposed universal protection Pillar X an absolute necessity.

4.1.5 Lessons from Developed Countries

In relation to this, the stock market and housing bust of 2008 in the United States should be a lesson for Malaysia. As a result of a significant policy shift over the past 25 years, Americans have had a much larger share of their retirement assets invested in equities than they did in the past (Butrica, Smith & Toder, 2009). Over this period, employment-based pensions have switched from traditional defined benefit (DB) plans that require employers to manage retirement savings to defined contribution (DC) plans that place the investment responsibility on workers and their fund managers. Under the DB plan, retirees have a guaranteed lifetime income. This is not so with the DC plan, as retirees receive what they and their companies have

contributed while employed. The DC can run out of money if retirees live longer. In the US this shift began with the Employment Retirement Income Security Act (ERISA), which was passed in 1974. This led to the creation of the well-known Defined Contribution Plan, known today as the 401(k). Many countries in the west moved towards establishing similar plans for their workers. In Australia this is known as Superannuation, the Registered Savings Plan (RRSP) in Canada and the Defined Contribution Plan in Japan. This is where pension for life as in the Defined Benefit system ended (Schaaf, 2013; Kiyosaki, 2002).

During the boom period, many DC 401(k) plans were invested in homes, stocks such as the Real Estate Investment Trusts (REITs) and paper assets. The stock market and housing bust of 2008 and the consequent loss of asset values of their investment plans have left many of these investors much poorer, and some jobless, homeless and impoverished. This includes many educated professionals at the tops of the pyramids, young and old. Those who were able to subsequently find work earned less than before. It looks like the poor at the bottom, the middle class and the affluent professionals at the top are all at risk as they are dependent on jobs to provide income for current as well as retirement consumption. In the United States today, more elderly people are ill-prepared to provide for themselves as they approach old age, as they are likely to live longer than their parents. For the first time in generations, the next wave of retirees in the United States will probably be worse off than the current elderly (Hymowitz, Bloomberg Business Week, 2nd January, 2014).

The conclusion from the discussions and the empirical evidence on inequality and insecurity available thus far, appears to reflect the overall ongoing erosion of workers' welfare, hence reinforcing their vulnerability. Given the structural nature of inequality and the crisis-prone social protection tools currently available, the concept and approach to social protection chosen should pay attention to these structural issues. Social protection provision should not be limited to meeting income needs with public transfers or regulated insurance. While developed countries invested in social protection in times of prosperity, they have also come full circle in coming back to relying on informal means of social protection as a response to rising structural unemployment, fiscal constraints, crises and uncertainties. Malaysia too, should consider alternative means and approaches to social protection and learn from these experiences.

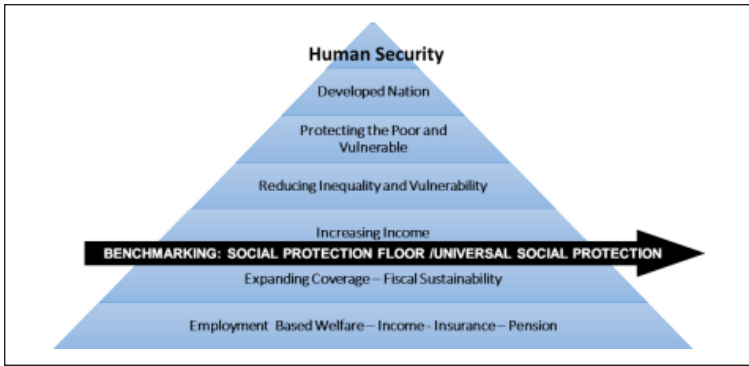
Broadening the framing of social protection analysis to include structural dimensions such as inequality and putting human security at the pinnacle of social protection provisions on which everything else rests could be a step in the right direction. In this way the security and dignity of human life can be better protected, freeing people from vulnerability and enabling them to contribute to nation building and development. Labour could then be more humanised and not simply reduced to a mere factor of production. As a start, this paper proposed an introduction of a minimum universal social protection pillar called Pillar X using the existing Pillar 0 as the basic foundation. This pillar is necessary because social protection tools as they are available now do not guarantee human security for all Malaysians.

5.0 Theme 3 – The Social Protection Floor Initiative (SPF-I) – Benchmarking Malaysia

Establishing a social protection floor that comprised the basic instrument to provide human dignity and security would give a richer meaning to the definition of development. This definition should go beyond GDP growth and income measures. In this way the human dimension of development would encompass the human condition of the production of goods and services. This human condition should embody universal human rights and human security that is further ensured by a national universal social protection system in Malaysia.

Given the many challenges discussed thus far, Malaysia needs to consider the ultimate objective of her overall development strategy and where to place human security on the social protection hierarchy. This paper, however, takes the view that human security should be the pinnacle of a development or social protection objective (Figure 10). In other words, priority must be given towards strengthening social protection tools that enhance human security while attempting to expand coverage and ensure fiscal sustainability. The components of the social protection floor presented in Table 5 in the latter part of this section, could also serve as a basis for a universal protection pillar for Malaysia or Pillar X as suggested earlier and for benchmarking Malaysia's achievements so far.

**Figure 10: Social Protection Floor Initiative (SPF-I):
Benchmarking Malaysia**



5.1 Benchmarking Malaysia: Do We Have a Social Protection Floor?

Indicators used by the World Bank Country Report 2000 and the United Nation’s Report on Malaysia’s MDGs achievements 2010 can be used as a starting point to benchmark Malaysia on the SPF.

5.1.1 Overall Access to Basic Goods and Services

Floor I is concerned with access to a nationally defined set of goods and services, constituting essential health care, including maternity care, that meets the criteria of availability, accessibility, acceptability and quality. The World Bank Report (2000, p. 65) noted Malaysia’s achievements in terms of social safety net, social assistance programmes and social insurance schemes, and listed out the main components of Malaysia’s safety net as in Box 2 below:

Box 2: Malaysia’s safety net

- Free and accessible health care and education;
- Rural development;
- Welfare programs for the hard core poor;
- Social assistance programs for elderly, disabled, orphans, and other vulnerable groups;
- Flexible labor market;
- Retraining and retrenchment benefits for the unemployed;
- Provident fund for workers in the formal sector;
- Pension for workers in the public sector.

It observed that Malaysia has already achieved free and accessible health care and education as one of her safety nets prior to 2000 and acknowledged her impressive achievements in the health sector, particularly her success in building a public health care system that is comprehensive, efficient and inexpensive (World Bank, 2000, p. 44).

The report also concluded that “Social assistance programs to the poor have been adequate in scale and in scope... through a variety of programs to support the poor by promoting rural development, assisting in nutrition and education of their children, providing low-cost housing, and helping vulnerable groups such as the elderly, disabled, single mothers, and orphans. Overall income-tested social assistance spending in Malaysia in 1997 was around RM650 million”. This amount is close to RM1.5 billion by 2013 (Basic floor I, II, III and IV) and exceeded RM4.5 billion if BR1M (amounting to RM3 billion with an

Table 4a: Social Protection Expenditure (2000-2013)

Social Protection Expenditure ¹	2000	2005	2007	2010	2011	2012	2013
Social Insurance: Pillar I (Mandatory Defined Benefit)							
Civil Service Pension Scheme (Unfunded Defined Benefit)							
Pension and Gratuities ²	1.17	1.25	1.24	1.44	1.53	1.49	1.50
Retirement Fund Incorporated (KWAP) ³	n.a.	n.a.	n.a.	8.84	8.92	9.42	n.a.
SOCSO (Funded Defined Benefit) ⁴							
Total Contribution	n.a.	0.25	0.25	0.25	0.25	0.25	n.a.
Employment Injury							
Temporary Disablement Benefit	0.01	0.01	0.01	0.01	0.01	0.01	0.02
Permanent Disablement Benefit	0.04	0.03	0.03	0.04	0.04	0.04	0.04
Dependents' Benefit	0.03	0.02	0.02	0.03	0.02	0.02	0.02
Total	0.08	0.07	0.06	0.08	0.07	0.08	0.08
Invalidity Pension							
Invalidity Pension Recipient	0.04	0.03	0.03	0.04	0.04	0.04	0.05
Survivor's Pension Recipient	0.05	0.05	0.05	0.07	0.07	0.07	0.08
Total	0.09	0.09	0.09	0.12	0.10	0.12	0.12
Grand Total	0.17	0.15	0.15	0.19	0.18	0.19	0.20
Social Insurance: Pillar II (Mandatory Defined Contribution)							
Employee Provident Fund (EPF)							
Total Accumulated Contribution ⁵	46.99	38.52	35.19	33.85	32.05	31.81	32.21
EPF Savings ⁶	n.a.	n.a.	33.74	37.47	37.03	38.24	40.19
Armed Forces Pension Scheme (LTAT) ⁷	n.a.	n.a.	0.79	0.84	0.80	0.82	n.a.
Social Insurance: Pillar III (Voluntary)							
1Malaysia Retirement Scheme ⁸	Introduced in 2010					0.02	0.02
Private Retirement Schemes (PRS) ⁹	Introduced in 2011						0.03
Social Insurance: Unemployment Insurance and Cash Assistance (n.a.)							

Source: Author's Data (Compiled from published and unpublished documents)

Note: Tables 4a and 4b are part of the same table which are broken up into two parts for easy reference).

Table 4b: Social Protection Expenditure (2000-2013)

Universal Social Protection (Non Contributory): Pillar X (Social Protection Floor - SPF)							
Social Assistance Expenditure: Pillar 0 (Cash Assistance/ State) ¹⁰	2000	2005	2007	2010	2011	2012	2013
Basic Floor I: Access to Basic Goods and Services							
BA (Bantuan Am)/General Aid	0.01	0.02	0.02	0.03	0.03	0.03	0.03
Bencana/Disaster Aid	0.00	0.00	0.00	0.00	0.00		
Total	0.01	0.02	0.02	0.03	0.03	0.03	0.03
Basic Floor II: Income Security for Children							
BKK (Children Aid)	0.00	0.01	0.01	0.04	0.04	0.03	0.03
BAP (Bantuan Anak Pelihara)			0.00	0.00	0.00	0.00	0.00
Total	0.00	0.01	0.01	0.04	0.04	0.03	0.03
Basic Floor III: Income Security for Active Age Population							
BPT (OKU)				0.01	0.01	0.01	0.01
BTB (OKU tidak Berupaya Bekerja)				0.00	0.00	0.01	0.01
EPC (Elaun Pekerja Cacat) / Disabled Worker's Allowance	0.00	0.00	0.00	0.02	0.02	0.02	0.02
Bantuan Alat Tiruan/Sokongan/ (BAT)			0.00	0.00	0.00	0.00	0.00
GP (Geran Pelancaran)/ Launching Grant	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Latihan Perantis				0.00	0.00	0.00	0.00
Total	0.00	0.00	0.01	0.03	0.04	0.04	0.04
BR1M ¹¹	Introduced in 2012					0.22	0.30
Microcredit							
AIM ¹²	0.08	n.a.	n.a.	n.a.	n.a.	n.a.	0.76
TEKUN ¹³	0.00	n.a.	n.a.	0.03	0.01	0.03	0.04
Total	0.09	n.a.	n.a.	0.03	0.01	0.03	0.80
Basic Floor IV: Income Security for Older Persons							
BOT (Bantuan Orang Tua) / Senior Citizen Aid	0.00	0.01	0.01	0.05	0.05	0.06	0.05
Grand Total	0.11	0.03	0.05	0.18	0.17	0.41	1.26

Source: Author's Data (Compiled from published and unpublished documents)

Note: Tables 4a and 4b are part of the same table which are broken up into two parts for easy reference).

increase in allocation of RM4.6 billion under the 2014 Budget), is included. This total amount still a meagre 0.46% of GDP (Table 4b).

The World Bank went on to report that if micro-credit programmes, which are similar to social assistance programmes, are included, the total expenditure comes to about RM750 million. This was expected to go up to about RM800 million by 1998 and represents less than two percent of current spending (p. 65). Today, popular micro-credit

Table 5: Basic Social Protection Floor

Basic Social Protection Floor			
Basic Floor I	Basic Floor II	Basic Floor III	Basic Floor IV
Access to Basic Goods and Services	Income Security for Children	Income Security for Active Age Population	Income Security for Older Persons
Access to a nationally defined set of goods and services, constituting essential health care, including maternity care, that meets the criteria of availability, accessibility, acceptability and quality;	Income security for children, at least at a nationally defined minimum level, providing access to nutrition, education, care and any other necessary goods and services;	Basic income security, at least at a nationally defined minimum level, for persons in active age who are unable to earn sufficient income, in particular in cases of sickness, unemployment, maternity and disability; and	Basic income security, at least at a nationally defined minimum level, for older persons

Source: Derived and tabulated from ECA, ILO, UNCTAD, UNDESA, UNICEF (2012)

programmes such as AIM and TEKUN have fund sizes of RM7.5 billion and RM350 million in 2013, respectively, or 0.76% and 0.04% of GDP each for that year (Table 4b). Malaysia already has an enviable poverty reduction record. The incidence of poverty had decreased from close to 50% in 1970 to 1.7 percent in 2012 while hard-core poverty is down to 0.2% in 2012 (EPU, 2013). The following section evaluates Malaysia’s position on each SPF floor (Table 5).

As mentioned in Part I, it was proposed that the SPF-I should comprise at least the following basic social security guarantees: (a) guaranteed access to a nationally defined set of goods and services constituting essential health care, including maternity care, that meets the criteria of availability, accessibility, acceptability and quality; (b) basic income security for children, at least at a nationally defined minimum level, providing access to nutrition, education, care and any other necessary goods and services; (c) basic income security, at least at a nationally defined minimum level, for persons in active age who are unable to earn sufficient income, in particular in cases of sickness, unemployment, maternity and disability; and (d) basic income security, at least at a nationally defined minimum level, for older persons (ECA, ILO, UNCTAD, UNDESA, UNICEF, 2012, p. 8). This foundation, that could serve as a basis for a more comprehensive social protection in Malaysia is summarised in Table 5. The SPF emphasises the need to guarantee services and transfers across the life cycle, from children, to the economically active with insufficient income, to older persons, paying particular attention to vulnerable groups by considering key characteristics (socio-economic status, gender, maternity,

ethnicity, disability, people living with HIV/AIDS, migrants and populations exposed and/or highly sensitive to adverse external effects such as natural hazards, extreme climate phenomena etc.).

5.1.2 Basic Floor I: Access to Basic Goods and Services – MDGs

Accessibility to Health and Maternal Care are the basic minimum for this floor. While the World Bank Report cited above stated that Malaysia had already achieved free and accessible health care, the report entitled 'Malaysia – The Millennium Development Goals at 2010' pointed out that despite achieving her MDG targets ahead of time, she still lagged behind in addressing maternal health, HIV/AIDS and the persistent rise in tuberculosis.

The long-term MMR trend for Malaysia showed impressive declines from 1970-1990, recording a reduction from 140 per 100,000 live births to 20 within that period or a decline of 85 percent within 20 years. In 1991, however, a confidential enquiry by the Ministry of Health reported an MMR increase of 44 per 100,000 live births for that year. MMRs are high amongst certain groups such as migrants and other Bumiputra categories. This report showed that maternal deaths were highest at 60%, amongst women who do not practise contraception and 10% in cases where deliveries were conducted by unskilled personals. Factors responsible for maternal deaths include maternal age, obstetrics complications and incorrect treatments, among others. Taking these factors into consideration, it is imperative that Malaysia undertake measures to improve maternal health among vulnerable groups and to provide better access to reproductive health; for instance, through outreach programmes and education to empower women with the necessary knowledge. That said, long-term trends indicate that the proportion of maternal care and births attended by hospitals has steadily increased from 1960 to 2010. This is in tandem with the rise in the average ratio growth rate of public hospitals in rural areas and the rise in the average ratio of medical doctors per 10,000 people (Shamsulbahriah *et al.*, 2012).

There is currently no nationally defined minimum basic income security for children, active age population and older persons in Malaysia that directly corresponds to Floors II, III and IV. Nonetheless, the foundation for these floors can be built from the existing social assistance programmes available for households with incomes below the poverty line and selected criteria (Table 6).

Table 6: Breakdown of Cash Assistance for the Poor According to SPF

Breakdown of Cash Assistance for the Poor According to SPF:	
Basic Floor I: Access to Basic Goods and Services	
Bantuan Am (BA) General Assistance: Income support for households not covered under any other schemes	RM80.00 – RM350.00 per household
Bantuan Latihan Perantis (BLP) Allowance for Apprenticeship Training: Unemployed school dropouts/youth	RM200.00
Bantuan Geran Pelancaran (BGP) Launching Grant for businesses to encourage self-reliance	n.a.
Tabung Bantuan Mangsa Serangan Binatang Buas (TSBB) Relief fund for victims of attacked by wild animals	n.a.
Basic Floor II: Income Security for Children	
Bantuan Kanak-kanak (BKK) Child Assistance: 18 years and below; orphans; poor families; unemployed/sick parents, convicts	RM100.00 – RM450.00 (maximum)
Bantuan Anak Peliharaan (BAP) Allowance for Foster Children: 18 years and below; orphans; living with foster families/warded by courts/not adopted	RM100.00 – RM450.00 (maximum)
Basic Floor III: Income Security for Active Age Population	
Elaun Pekerja Cacat (EPC) Allowance for Disabled Employees: To encourage independent/non institutionalised	RM300.00 for those earning incomes below RM1200.00
Bantuan Penjagaan Orang Kurang Upaya (OKU) Terlantar dan Pesakit Kronik Terlantar (BPT) Disability Care Allowance: To encourage families to look after family members	RM300.00 Household income not exceeding RM3000.00
Bantuan Orang Kurang Upaya (OKU) Tidak Berupaya Bekerja (BTB) Disability Care Allowance: To avoid institutionalisation	RM150.00
Bantuan Alat Tiruan/Sokongan (BAT) Allowance for Paraplegic and Artificial Equipments (e.g.limbs, wheel chairs)	Actual cost of equipment and artificial limbs
Basic Floor IV: Income Security for Older Persons	
Bantuan Orang Tua (BOT) Elderly Financial Assistance: Above 60 years old, No family, No fixed income	RM300.00

Source: Compiled from Department of Social Welfare documents, Malaysia (2015)

5.1.3 Basic Floor II: Income Security for Children

The provisions of access to nutrition, education, care and any other necessary goods and services for children fall under this floor.

Free and accessible health care and education are already available under Floor I. In addition there are cash assistance programmes for children (Bantuan Kanak-kanak/BKK and Bantuan Anak Peliharaan/BAP).

For the BKK the amount of cash assistance ranges from RM100.00-RM450.00 per month per child capped at RM450.00 per family. The aim is to support poor families with more than four children and to strengthen the family institution and avoid separation of children from their parents and other family members. The BAP amounting from RM250.00-RM500.00 per month per child capped at RM500.00 per family is paid to families that foster children without parents or family members.

5.1.4 Basic Floor III: Income Security for Active Age Population

Providing income security for persons in active age who are unable to earn sufficient income, in particular in cases of sickness, unemployment, maternity and disability, falls under the purview of Floor III. The cash assistance programme in existence now provides support for those with disability. There are three categories of cash assistance, which are i) Elaun Pekerja Cacat (EPC/ Allowance for Disabled Employees, two types of Disability Care Allowances, one for those unable to work and another for chronic illnesses, namely, ii) a. Bantuan Penjagaan Orang Kurang Upaya (OKU)/ Terlantar dan Pesakit Kronik Terlantar (BPT), b. Bantuan Orang Kurang Upaya (OKU) Tidak Berupaya Bekerja (BTB) and the third is iii) Bantuan Alat Tiruan/ Sokongan (BAT)/ Allowance for Paraplegic and Artificial Equipments.

5.1.5 Basic Floor IV: Income Security for Older Persons

This is cash assistance of RM300 per month for the elderly above 60 years old or Bantuan Orang Tua (BOT) with no family and no fixed income.

5.1.6 Other Forms of Cash Assistance for the Poor: Household Incomes below the Poverty Line

Under this category would be the Bantuan Am (BA) or general assistance in the form of income support for households not covered under any other schemes. Monthly amounts payable range from RM80.00-RM350.00 per household. Bantuan Latihan Perantis (BLP) of RM200.00 were paid to unemployed school dropouts/youth. There is also the Bantuan Geran Pelancaran (BGP)/ Launching Grant for businesses to encourage self-reliance and Tabung Bantuan Mangsa Serangan Binatang Buas (TSBB)/ Relief fund for victims attacked by

wild animals, payable based on some pre-determined criteria. On top of these, there are also other auxiliary schemes that are ad hoc in nature such as the Rubber Smallholders' Accident Compensation Schemes, Fisherman's Group Accident Scheme and the Terengganu Fishermen's Welfare Fund (Ragayah Hj, Lee, & Saaidah, 2002). The government has also introduced incentives and subsidies for farmers and fishermen.

As evident from the above, Malaysia already has the foundation for universal social protection in the form of a basic social protection floor.

6.0 Theme 4 – The Fiscal Space - GDP as the Social Protection Performance Indicator

Social protection systems around the world have evolved to better serve changing national requirements. No matter what the drivers of this evolution were, the ultimate purpose of social protection should be to promote inclusion and human development and not just to serve as a residual policy function of assuring the welfare of the poorest. Hence, it must take into consideration the different needs of a particular country at different stages of development.

Although many developed countries have introduced reforms to address fiscal sustainability, social protection systems remained embedded in their social policy. The composition of social expenditure in developed countries for 2009 is shown in Table 7 comprising Private, Mandatory Private, Voluntary Private and Public Expenditure. Public Social Expenditure is highest compared to Private. The OECD average is 22.1%, highest for Europe, topped by France at 32.0%. The post-socialist economies and some other developed countries allocate close to 20% of GDP for social expenditure.

In terms of categories, in line with the policy shift from DB to DC, Private social expenditure is highest for the United States at 10.6% of GDP while the public component of social protection for the same year was 19%. In Canada, the Netherlands, Iceland and the United Kingdom, this private component were between five to six percent, with the Netherlands having the highest at 6.7%. The Public social protection component of social expenditure for these countries is much higher than the private component, ranging between 18% - 24%. On the other hand, the Voluntary Private

Table 7: Public and Private Social Expenditure (% of GDP 2009)

% of GDP	Private	Mandatory Private	Voluntary Private	Public	Total
Mexico	0.3		0.3	8.2	8.5
Korea	2.7	0.9	1.8	9.4	12.1
Turkey	0.0			12.8	12.8
Chile	2.9	1.5	1.5	11.3	14.3
Israel	0.6		0.6	16.0	16.6
Slovak Republic	0.9	0.1	0.9	18.7	19.7
Estonia	0.0		0.0	20.0	20.1
Australia	3.1	0.4	2.8	17.8	21.0
Czech Republic	0.7	0.5	0.2	20.7	21.4
Poland	0.0		0.0	21.5	21.6
New Zealand	0.5		0.5	21.2	21.7
Slovenia	1.2		1.2	22.6	23.7
Hungary	0.2		0.2	23.9	24.2
Canada	5.1		5.1	19.2	24.3
Iceland	6.0	1.4	4.6	18.5	24.5
OECD	2.7	1.0	2.1	22.1	24.8
Luxembourg	1.7	0.8	0.9	23.6	25.2
Norway	2.3	1.5	0.8	23.3	25.6
Greece	1.8		1.8	23.9	25.7
Ireland	2.2		2.2	23.6	25.8
Switzerland	8.0	7.0	1.1	18.4	26.42
Japan	4.0	0.7	3.3	22.4	26.36
Spain	0.5		0.5	26.0	26.5
Portugal	1.9	0.3	1.6	25.6	27.5
United States	10.6	0.3	10.2	19.2	29.7
Netherlands	6.7	0.7	6.0	23.2	29.9
Italy	2.3	1.6	0.7	27.8	30.1
United Kingdom	6.3	1.0	5.3	24.1	30.3
Finland	1.2		1.2	29.4	30.7
Germany	3.2	1.2	2.0	27.8	31.0
Austria	2.1	0.9	1.2	29.1	31.2
Belgium	2.3	0.0	2.3	29.7	32.0
Sweden	3.2	0.4	2.8	29.8	33.0
Denmark	2.9	0.2	2.7	30.2	33.1
France	3.1	0.3	2.8	32.1	35.2
	2.669	1.035	2.091	22.086	24.755

Source: OECD Social Expenditure Database (SOCX) via www.oecd.org/social/expenditure.htm

Notes: Public: financial flows controlled by General Government;

Mandatory Private: stipulated by legislation (i.e. employer provided sickness benefits);

Voluntary Private: stipulated by collective agreement (i.e. occupational pensions funds, private Health care);

See section II.2.3. Public, private social and exclusively private expenditure - in SOCX Manual;

Data for Switzerland is from 2008.

component of social expenditure is highest in the Netherlands at 6%, followed by the United Kingdom and Canada at a little above 5% each. In contrast, the Voluntary Private component for the United States is a meagre 0.2%. Mandatory Private social expenditure is highest for Switzerland at 7% and low at around or below 1% in other countries.

Developing countries on the other hand are still struggling to provide 'basic social protection' for their populations whether public or private, voluntary or mandatory. Although public resources are allocated to healthcare, social assistance with some countries having pensions and social insurance, coverage is still limited to wage workers in the formal sector. Expanding coverage, fiscal and administrative constraints are among the major challenges encountered. Measures to strengthen the tax base, increasing administrative efficiency, improving targeting, combatting graft and corruption and reducing informality are among the steps taken in developing and middle income countries such as Malaysia to enhance the provision of social protection. The following section reviews the Malaysian public expenditure data on social protection and compares it to a few developing countries.

6.1 The Fiscal Space: Malaysia's Social Expenditure as a Percentage of GDP

The main components of social expenditure in Malaysia - health, education and training and housing - are presented in Table 8. These major components of social expenditure are small as a proportion of GDP compared to that of developed countries outline above. Malaysia's social expenditure was on the rise up to 2010, declining from then onwards from 2.68% in 2000 to 0.91% in 2013. In 2000 the GDP share for education was close to 2% but declined to 0.6% in 2013. The proportion of social expenditure on health and housing also declined from 0.3% to 0.18 and 0.19, respectively.

Table 8: Social Protection Expenditure as Percentage (%) of GDP in Malaysia

Social Expenditure¹⁴	2000	2005	2007	2010	2011	2012	2013
Health	1.99	0.69	0.94	1.51	0.87	0.80	0.65
Education and Training	0.36	0.22	0.22	0.47	0.25	0.20	0.18
Housing	0.34	0.20	0.44	0.17	0.09	0.06	0.09
Total GDP Share of Social Expenditure	2.68	1.11	1.61	2.15	1.21	1.06	0.91

Source: Author's Data (Compiled from published and unpublished documents)

Likewise, it can also be seen from Table 4a presented earlier, that the proportion of social protection expenditures as a percentage of GDP from Pillar 1 (pension and gratuities, total contributions and pay-outs from SOCSO) are small at 1.5%, 0.25% and 0.27%, respectively, in 2012. Under Pillar 2, the Armed Forces Fund Board/LTAT is also small at less than 1% for the same period. The fund sizes under these two pillars on the other hand are large. For the same year, the EPF fund has a significant share of GDP which exceeds 30% in terms of total accumulated contribution as well as savings. The KWAP investment fund for public service pensions under Pillar I stood at close to 10% in 2012. Although the size of the EPF fund is large, the return pay-outs to contributors have often been criticised as small. The recently launched voluntary insurance Pillar 3 comprising the 1 Malaysia Retirement Scheme and the PRS are predictably small at around 0.03%.

The proposed universal social protection foundation Pillar X as a proportion of GDP is even smaller as discussed earlier in relation to the Social Protection Floor (Table 4a). Compared to several countries in Africa and Asia (Table 9), social assistance expenditure in Malaysia is small at less than 1% for all available categories. While the total social protection expenditure for Malaysia has increased from 0.11 in 2000 to 1.26% in 2013, it remained small as a proportion of GDP.

Table 9: Costs for Components of a Basic Social Protection Package (% of GDP) for Selected Countries in Africa and Asia, 2010

Country	Old Age Pension	Child Benefits	Health Care	Social Assistance/ Employment Scheme	Administrative costs
Burkina Faso	1.00	2.80	5.50	0.70	0.80
Cameroon	0.85	1.90	2.70	0.30	0.40
Ethiopia	1.10	2.90	3.60	0.70	0.75
Guinea	0.70	1.60	1.60	0.30	0.40
Kenya	0.90	2.90	3.00	0.70	0.75
Senegal	1.10	2.00	2.70	0.35	0.50
United Rep. Tanzania	1.10	3.10	2.50	0.70	0.80
Bangladesh	0.85	2.80	1.70	0.50	0.60
India	0.70	1.10	1.70	0.25	0.25
Nepal	1.30	3.10	1.70	0.70	0.75
Pakistan	0.50	1.20	1.70	0.25	0.25
Vietnam	0.80	1.50	1.70	0.30	0.40

Source: Adapted from ILO (2010)

6.1.1 Reorganising the Fiscal Space: Potential Social Protection Funds

The availability of funds for a minimum universal social protection floor is evident from the discussion so far and from Table 10. Reorganising the fiscal space that is already in existence can help Malaysia move away from the 'residual' benevolence approach, where last resort help is provided when needs are unmet by family or other supportive institutions, to an approach where social protection becomes a universal right as societies advance. As a first step, rationalisation of existing fiscal space from subsidies, oil revenue, Zakat and Waqf funds could be a first step towards ensuring fiscal sustainability.

The debate regarding the use of each of these fiscal spaces is ongoing. The effectiveness of petrol subsidies in particular has raised concerns among policy makers and the public as well. A recent study by the Khazanah Research Institute estimated that in 2013, less than 23% (RM5.6 billion) of the country's entire fuel subsidy went to households while the remaining RM17.9 billion went to businesses and corporations. Freeing this component of subsidy and plugging potential source of fiscal leakages will allow Malaysia to have access to almost 3% or more of social expenditure. This can then be allocated towards strengthening its social protection floor. Similarly, portions of other funds and reserves such as the oil revenue, Zakat and Waqf funds could be reallocated for the same purpose. In other words, current public expenditure programmes and not just social expenditure programmes could be revised so that social protection cost and coverage may be optimised.

Table 10: Potential Social Protection Funds in Malaysia

Potential Social Protection Funds (% of GDP)	2000	2005	2007	2010	2011	2012	2013
Subsidies							
Petrol ¹⁵	0.89	2.02	1.12	1.20	2.30	2.96	2.93
Other Components	0.46	0.44	0.45	1.69	1.79	1.72	1.46
Total	1.35	2.46	1.58	2.90	4.10	4.68	4.39
Revenue							
Net Income Tax Revenue ¹⁶	7.23	9.86	12.18	9.98	11.59	12.52	
Petronas (Total Revenue) ¹⁷	27.13	25.20	27.67	27.14	32.59	30.89	32.16
Total	34.36	35.07	39.85	37.12	44.18	43.41	32.16
Funds							
Zakat ¹⁸	0.07	0.11	0.12	0.17	n.a.	0.20	0.22
Waqf (Corporate Waqf Master Plan) ¹⁹	n.a.	0.05	n.a.	n.a.	0.21	n.a.	n.a.
Retirement Fund Incorporated (KWAP)				8.84	8.92	9.42	
EPF Total Accumulated Contribution	46.99	38.52	35.19	33.85	32.05	31.81	32.21
Grand Total	82.78	76.20	76.73	82.88	89.45	89.52	68.98

Source: Author's Data (Compiled from published and unpublished documents)

Part III
FRAMING SOCIAL PROTECTION ANALYSIS
IN MALAYSIA: CONCLUSION

This final section summarises the issues identified in the preceding discussions and highlights some initial steps that could be taken towards strengthening social protection analysis and framework in order to derive effective evidence-based social protection provisions instruments for Malaysia.

As stated from the outset, this paper frames social protection analysis in Malaysia across four major themes that are not directly addressed, especially in the Malaysian social protection literature, in order to raise issues for consideration. These themes are identified as endogenous and structural issues relating to inequality and vulnerability, human security and employment-based welfare, the Social Protection Floor Initiative (SPF-I) and benchmarking Malaysia and issues relating to fiscal space. These four themes are not directly discernible from the growing social protection literature on Malaysia but are captured somewhat from the international mainstream literature available. The fiscal space – the use of GDP as the Social Protection Performance Indicator – has received some attention, although not explored in the context of all these themes taken together.

Discussion in theme one shows that endogenous and structural factors are responsible for placing the majority of Malaysian workers at the bottom of the occupational hierarchy, hence creating a structure of inequality represented in this paper by inequality pyramids. Derived from a social stratification perspective, these self-perpetuating structures seems to be reproducing inequality and vulnerability over time, making employment-based social protection instruments limited in effectiveness to protect workers.

As evident from the analysis in theme two, the ability of an employment-based social protection strategy founded on a structure of inequality which is endogenous and self-perpetuating, appears inadequate to ensure long-term human security through the labour market or formal employment. As this strategy is already considered lacking in Malaysia to begin with, due to reasons of low coverage of formal workers while those in the informal sector remain largely unprotected, it raises a further question as to whether human security should be placed as the ultimate object of social protection provisions.

If we subscribe to the view that an employment-based social protection strategy is unable to ensure human security due to structural and labour market constraints, the third theme then raise the importance of having a universal social protection system or strengthening the existing social protection foundation that could serve as a basis for a universal one. As can be perceived from the discussion, Malaysia already has the foundation for universal social protection in the form of a basic social protection floor seen through the lenses of the global SPF-I.

The fourth and final theme then, explores Malaysia's fiscal space in order to gain some insights into her potential to provide universal social protection for her citizens. This is done by using a common social protection performance indicator in the form of social protection expenditure as a percentage of Gross Domestic Product (GDP). By looking at the main components of social expenditure – health, education and training and housing – this paper concludes that Malaysia's social expenditure constitutes only a small proportion of GDP. While small and fluctuating from 2.6% in 2000, the GDP share of these three major components also shows a declining trend from 2010 to 2013. Compared to several countries in Africa and Asia, social assistance expenditure in Malaysia is also miniscule at less than 1% for all categories. While the total social protection expenditure for Malaysia has increased from 0.11 in 2000 to 1.26% in 2013, it remained small as a proportion of GDP. In contrast the Public social protection component of social expenditure developed countries is much higher and exceeds the Private component, ranging between 19% – 24% of GDP.

Despite the observed shift in political will and increasing social protection advocacy among policy circles, Malaysia's approach to social protection and welfare has remained 'residual', whereby the burden of social protection still falls on individuals and their families. This residual welfare approach is in turn employment-based and fragile, given the uncertainties of the global economy and risks arising from natural and economic disasters. Under these circumstances Malaysia may want to reconsider the social protection path she would like to take in order to move towards a high income and developed nation's status.

In this regard, a more holistic view to social protection that considers the themes and issues raised in this paper could be useful. This would mean that endogenous structural issues such as inequality and vulnerability and their consequences must be addressed and, the objectives of social protection provisions requires further clarification. Malaysia's capacity to provide universal social protection should also be questioned and rigorously reviewed by thoroughly examining her fiscal space, benchmarking social protection provisions that are already available against the social protection floor or other suitable measures, in order to arrive at a realistic assessment of her overall capacity to support a sustained and consistent social protection mechanism.

Adhering strictly to the World Bank's three-legged tools of social insurance, social safety net and labour market strategy may not be sufficient and could prove detrimental in the long run, as capitalist development has been proven to be cyclical, characterised by boom and bust periods. Globally, many countries are still reeling from the most recent crisis in 2008. As a counter measure, Malaysia could choose to mainstream universal social protection into her development agenda by investing more in social protection provisions in boom times. This would help ensure her financial capacity to sustain social protection provisions during periods of crises.

Lessons could also be learned from the experiences of other countries. While many developing countries like Malaysia are still struggling to provide 'basic social protection' and many developed countries have introduced reforms to address fiscal sustainability, social protection systems remained embedded in their social policy. More significant at this juncture, is for developing countries like Malaysia, to shift the implicit assumption that they could not yet afford to have universal social protection to the assumption that they could.

Following findings across the four themes, it is logical for Malaysia to increase her social protection expenditure as a proportion of GDP as practiced in developed countries. Some of the funds available from this increase could then be channelled towards strengthening the universal social protection foundation such as the proposed Pillar X. In the long term, this move could ensure social protection for all, where human security becomes the ultimate development objective.

As a step forward, Malaysia could begin strengthening her social protection floor as a basis for establishing a universal one in tandem with her aspirations to become a high income and a developed nation. To ensure fiscal sustainability, she could attempt to reorganise her current fiscal space. Freeing some components of existing resources and plugging potential fiscal leakages will allow Malaysia to have access to more funds for social expenditure allocation. This could include current funds for petroleum subsidy, oil revenue, Zakat and Waqf Funds. In other words, current public expenditure programmes and not just social expenditure programmes could be revised so that social protection cost and coverage may be optimised. In this way the benefits of growth could be more evenly redistributed.

To succeed, however, a sustained political will and advocacy will be required. Widening the scope and framework of social protection analysis to derive a holistic evidence based, implementable and effective policies could serve Malaysia well in the long run, given the volatile and disaster-prone world economy. At the present stage of Malaysia's economic, social and political evolution, we should be reminded that all Malaysians are entitled to the wealth of our nation whether we are rich or poor. With this entitlement comes the responsibility for all of us to choose to allocate the resources we have, in a manner that would deliver social justice for all, maximise inclusiveness, minimise discontent and ensure political stability.

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¹ Social expenditure components calculated using Ringgit value as a percentage of GDP in current prices

² Bank Negara Malaysia

³ KWAP report (various years)

⁴ Data from PERKESO begins from 2003

⁵ EPF (Total Accumulated Contribution), Source: Bank Negara Malaysia, Various years

⁶ EPF various reports, Note: Total Savings Amount not inclusive annual dividend for every year.

⁷ Armed Forces Pension Scheme (LTAT) various reports

⁸ Budget speech 2013

⁹ Borneo Post Online 18 December 2014: <http://www.theborneopost.com/2014/05/17/malaysian-markets-to-gain-from-pension-planning/>

¹⁰ Department of Social Welfare in Malaysia

¹¹ Malaysia Economic Reports various years

¹² Budget Speech various years

¹³ Budget Speech various years

¹⁴ Bank Negara Malaysia

¹⁵ Malaysia Economic reports, various years

¹⁶ Inland Revenue Board of Malaysia Annual Report, various years

¹⁷ Financial Operational Review, various years, Composition of total Revenue (Crude oil, Petroleum products, Natural and processed gas LNG, Petrochemicals, Shipping and Others)

¹⁸ Pusat Pungutan Zakat, Majlis Agama Islam Wilayah Persekutuan (2000-2010)

¹⁹ Jabatan Wakaf, Zakat dan Haji (Jawhar) 2012-2013

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Appendix: A Note on Data

The difficulty in obtaining and extracting information on class and social stratification to be used as the basis to derive Malaysia's inequality pyramids from official statistics partly account for the absence of empirically rigorous studies attempting to analyse the Malaysian population in class terms. This vacuum is further reinforced by the focus on ethnic differentials rather than class. While segregated data is available from national statistics, they do not capture deeper elements of inequality located at the heart of stratification analysis. Since a survey to collect primary data on a national scale that would reflect the class content of the Malaysian population has yet to be undertaken, this article begins with disaggregated data from the Population Census to derive the inequality pyramids. Aggregated income data from the Employee Provident Fund (EPF), Household Income Survey (HIS) and Labour Force Survey (LFS) were then used to further support the analysis.

Malaysian Population Census

Four data sets were used to derive the inequality pyramids for Peninsular Malaysia. They are the Population Census 1970 and 1980 available from the 2 per cent sample tape. These data from the Department of Statistics covers the whole of Peninsular Malaysia. Except for some minor changes in coding and classification, these data sets are found to be essentially compatible in its data coverage and definitions. The 1991 Population Census was released in August 1995. Hence the 1991 class structure was estimated using the framework derived for 1970 and 1980 based on data published in the General Report of the Population Census 1991, Department of Statistics, Malaysia.

The 2000 class structure was estimated using the previous framework based on the 2 digit occupational data for the "Working Age Population Age 15-64 by occupational Categories, Strata, Gender and Ethnicity, Malaysia 2000" from the Department of Statistics (DOS). This data was released upon request from DOS and is not available in the published report. The full 2010 census report has yet to be released.

Note: The Malaysian Population Census data is available from the Department of Statistics (DOS). IPUMS.USA also provides Malaysian Census Data to researchers upon request.

Employee Provident Fund (EPF) Data

This is a confidential administrative aggregated data provided by the Employee Provident Fund (EPF) on the income categories of its contributors by gender and ethnicity which has been released specifically for this research paper. Disaggregated data is not available at this time. Characteristics of EPF data:

Active members - members with at least one contribution in the year (a total of 5,425,785 contributors in 2007 and 6,375,404 contributors in 2012).

Computation of Salary is based on the amount of the last contribution of the year (Formula: Salary = (member share * 100/11)

Sex – M/F/U (Male, Female and Unknown)

Race – Malay, Chinese, Indian; Others (include other Bumiputras and Foreigners)

Note: This data was released by the EPF solely for the purpose of this research. EPF does however publish various reports and information on its website: <http://www.kwsp.gov.my/portal/ms/web/kwsp/home>

Household Income Survey (HIS)

Disaggregated Household Income Survey data is not available to the author the time of writing. The HIS segregated data used are obtained from published data source. Its main aim is to further demonstrate the prevalence of stratification, differentiation and fragmentation by “income classes” to support the analysis of the vulnerability of the middle classes in Malaysia. This data is for the period 1970-2012 and available on the Department of Statistics (DOS) and the Economic Planning Unit (EPU): website

- i) http://www.statistics.gov.my/portal/images/stories/files/LatestReleases/household/HIS_2012_Eng.pdf;
- ii) <http://www.epu.gov.my/en/household-income-poverty>

Labour Force Survey (LFS)

Aggregated data from The Labour Force Survey Report, Department of Statistics Malaysia, June 2014

About the author

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