

The Fit-For-Purpose Social Protection Policy: Targeted Those In Need

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Abstract

This research uses data from the Malaysia Ageing and Retirement Survey to identify and address the diverse needs of retirees aged 60 and above. Machine learning techniques cluster retirees based on shared characteristics, revealing the influence of family support, healthcare, and socio-demographic factors on their well-being. Policy recommendations include enhancing family support, tailoring education initiatives, improving healthcare access, and providing support for older workers to ensure equitable resource distribution among retirees.

Introduction

The global population surpassed 8 billion in November 2022, with population aging becoming a significant concern. Malaysia, now officially an aging country, is witnessing a surge in its elderly population. To ensure the well-being of senior citizens, there's a need to improve policies, particularly in pension, retirement, and healthcare.

However, existing policies don't account for the diversity of retirees' needs. Malaysians are generally unprepared for retirement, and many experience a drop in income post-retirement. The Employees Provident Fund (EPF) has issues like low savings rates and flexible early withdrawals that affect retirees' financial security.

To address these challenges, this study employs machine learning techniques to cluster retirees from the Malaysia Ageing and Retirement Survey (MARS) Wave 1-2018, focusing on those aged 60 and above. Factor analysis and multinomial logistic regression are used to understand the factors affecting cluster membership. The findings will help tailor targeted social welfare policies for specific groups of senior citizens.

Data Description

The Malaysian Ageing and Retirement Survey (MARS), conducted by the Social Wellbeing Research Centre, collected comprehensive data from individuals aged 40 and above regarding various aspects of aging and retirement in Malaysia during the first wave conducted from July 2018 to April 2019. This survey had a robust response rate of 84% with 5,613 participants.

This study utilizes MARS data, focusing on a specific segment of the dataset, which includes retirees aged 60 and above, resulting in a sample of 2,224 participants. Our research aims to compare two subgroups within this retirement category: those who are still working and those who are fully retired.

Methodology

This study employs K-Modes Clustering to group respondents, Factor Analysis to uncover key underlying factors, and Multinomial Logistic Regression (MLR) to analyze the influence of these factors on cluster membership.

Key Findings

The findings from the K-modes Clustering reveal substantial disparities among the distinct retiree clusters in various aspects. These disparities underscore the diversity within the retiree population and underscore the importance of implementing customized policies and interventions to address the unique needs and challenges encountered by each cluster.

The results of the MLR analysis provide valuable insights into the factors that significantly affect different retiree groups. For non-working retirees, marital status and education emerge as crucial determinants, with specific effects on various clusters. Family support plays a significant role, showing that those with stronger family ties tend to fare better in retirement. Understanding family demographics and health-related factors, including medical treatment and health status, is essential for tailoring support to retirees' specific needs. Moreover, retirement satisfaction stands out as a key factor influencing the quality of life during retirement.

In contrast, for working retirees, the analysis highlights the importance of marital status and age, which significantly impact different clusters. The number of children also plays a role, affecting retirees in various ways. Family support remains vital, especially for maintaining the well-being of retirees in different groups. Encouraging regular health check-ups is beneficial for select retiree clusters, while addressing illnesses effectively is crucial.

These key insights underscore the significance of considering these factors when designing tailored policies and interventions to meet the diverse needs and challenges of retirees.

Discussion and Policy Implications

Family Support:

Enhance family cohesion through programs promoting social and emotional support, caregiving assistance, and intergenerational activities for retirees.

Education:

Develop tailored educational initiatives, focusing on lifelong learning, skill development, and financial literacy to empower retirees.

Healthcare:

Improve healthcare accessibility, including subsidized services and expanded preventive care coverage, especially for retirees in need.

Healthcare Experience:

Prioritize comprehensive insurance options, offering affordable health and long-term care coverage to mitigate financial risks.

Housing:

Implement housing policies like rental assistance and affordable developments based on retirees' specific housing needs.

Employment:

Create supportive employment programs, including age-friendly workplaces, skills upgrading, and flexible work arrangements for older workers.

Social Assistance:

Design targeted programs, ensuring equitable resource distribution among retirees with income support, pension enhancements, and means-tested benefits.

Conclusion

As Malaysia's aging population continues to expand, there is an urgent need to enhance retirement policies, particularly in the domains of financial security and healthcare. Through innovative methods, this study has unveiled the distinct needs of different retiree clusters. The findings call for tailored interventions, including strengthening family support, empowering retirees through education and healthcare accessibility, and addressing housing and employment concerns. These focused policies, aligned with retirees' specific needs, are essential for enhancing the well-being of Malaysia's senior citizens and creating a more inclusive and supportive environment.

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