



GATR JOURNALS



Examining the Relationship between Age, Cash Transfers, Loneliness, and Work Participation Decision of Elderly People in Malaysia



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ABSTRACT

Objective – The enlargement of the ageing population in Malaysia at an expeditious speed has sparked great concerns of many parties. It is anticipated that Malaysia will become an ‘aged nation’ by 2030 as predicted by many statisticians. This study attempted to provide insights into policy design to create a sustainable community for elderly people in Malaysia, which is in line with one of the 17 SDGs, i.e., SDG-11.

Methodology – Productive and healthy ageing is the key to form a sustainable community for elderly people. This research offers an in-depth examination of the interconnections among loneliness, intergenerational financial support, and demographic factors as they influence the employment decision-making processes of elderly people in Malaysia.

Findings – Through an analysis of the interplay between these elements, our study sheds light on the intricate factors that contribute to the labour force participation of the elderly, enhancing our comprehension of the multifaceted nature of elder employment trends within the nation. To examine and compare the relationship, univariate, bivariate and logistic regression analyses were employed.

Novelty – All analyses showed all explanatory variables in this study are significantly related to the labour force participation of elderly men. In the case of elderly women, the loneliness status variable is not significant. There are some limitations acknowledged in this study that limit the study’s findings, and few suggestions for the future study were provided at the end of this study.

Type of Paper: Empirical

JEL Classification: 14, J18, J22

Keywords: elderly people; gender differences; intergenerational cash transfer; labour force participation; loneliness; sustainability

Reference to this paper should be made as follows: Chung, C.F.; Voo, I.C.; Hamid, R.A. (2024). Examining the Relationship between Age, Cash Transfers, Loneliness, and Work Participation Decision of Elderly People in Malaysia, *J. Bus. Econ. Review*, 9(1), 55–62. [https://doi.org/10.35609/jber.2024.9.1\(2\)](https://doi.org/10.35609/jber.2024.9.1(2))

1. Introduction

The escalating number of elderly people in Malaysia is raising concerns among various groups.

* Paper Info: Revised: April 07, 2024
Accepted: June 30, 2024

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Projections suggest that by 2050, elderly individuals will outnumber young people, marking a profound demographic transformation (The United Nations, n.d.) , accessed on 1 Sep 2023). As of 2020, Malaysia reached 'aged nation' status with 7 percent of its population over 65, a proportion expected to rise to 14 percent by 2030. This shift underscores the importance of labour force participation of elderly people for Malaysia's socio-economic landscape. The Malaysian government is focused on promoting a society where the elderly people are both productive and healthy to counterbalance dependency and enhance economic steadfastness. Yet, this group often grapples with economic uncertainty and vulnerability due to persistent poverty and health concerns within their ranks. Escalating inflation, further intensified by the COVID-19 pandemic's economic shocks, has diminished the purchasing power of the elders' pensions and savings (DOSM, 2023). For those lacking family support, government aid is crucial, though it may fall short of addressing the comprehensive needs of the ageing populace. Consequently, participation in the workforce presents a promising prospect for the elderly people. Continued employment can provide financial stability for the elderly and contribute to their mental and physical health through active engagement. Nonetheless, the complex relationship between demographic characteristics, financial support from younger generations, and the impacts of social isolation on elderly work participation has not been thoroughly researched. This study aims to fill this void, examining these dynamics and illuminating approaches to better economically and socially integrate Malaysia's ageing community. To do that, this study will systematically examine and contrast the determinants influencing the labour force engagement of elderly men and women in Malaysia. This entails a comprehensive exploration of the connections among demographic attributes, intergenerational financial transfers, and loneliness, as they relate to the workforce participation of the male and female elderly populace within the Malaysian context.

2. Literature Review

This study integrates two streamlined theoretical frameworks – Productive Ageing Theory and Labour Supply Theory – to examine the determinants influencing the employment participation decisions of elderly individuals. Productive Ageing Theory underscores the significance of ongoing involvement and input from the elderly in societal contexts, highlighting economic contribution and social engagement as pivotal elements (Su & Chao, 2023). Anchored in the principles of active ageing, the theory advocates for the maintenance or augmentation of well-being among the elderly through sustained economic and societal activity. It recognises the array of skills and experiences that elders possess, advocating a shift in perspective that sees ageing not as a period of decline but as an opportunity for continuous personal development and societal contribution. Previous research grounded in Productive Ageing Theory has illuminated the benefits of active participation in meaningful pursuits for the physical, cognitive, and emotional health of the elderly (Su & Chao, 2023) (Binti Pazim, 2019). Workforce engagement, volunteering, and social participation are correlated with improved health, enhanced life satisfaction, and stronger social networks among this demographic. Nonetheless, the pursuit of productive ageing may be obstructed by obstacles such as ageism, limited accessibility to engagements, and health restrictions. To surmount these barriers, holistic policies and initiatives that advance inclusive employment, lifelong learning, and supportive community infrastructures are essential. Concurrently, Labour Supply Theory delves into the elements that drive individuals' choices about workforce engagement and the extent of labour they provide at varying life periods. In the context of the elderly, the theory reviews how monetary incentives, health conditions, and social predilections impact decisions surrounding retirement and workforce continuity (Munawaroh et al., 2024). Historically predicated on the view of a uni-directional decline in labour capacity culminating in retirement, this assumption is being re-evaluated in the light of research acknowledging the diversity within ageing trajectories and the capacity of elderly individuals to remain active in the labour market. A confluence of factors – financial elements like retirement provisions and savings; health determinants including physical robustness and disabilities; along

with societal influences such as social support networks and familial duties – collectively influence the labour market choices of the elderly.

Demographic elements, notably age, emerge as significant determinants profoundly affecting labour force participation among the elderly in Malaysia (Binti Pazim, 2019). With advancing age, elderly individuals are increasingly susceptible to a range of age-related health conditions, such as cardiac issues, hypertension, diabetes, renal failure, and dementia, which can impose additional burdens on daily life (Parra-Rodríguez et al., 2020). Consequently, these health challenges can impede the ability of the elderly to remain active within the labour market. (Husain, 2020) corroborates this perspective, noting that health impediments tend to escalate with age, diminishing the likelihood of labour force engagement, particularly among elderly women. Contrastingly, a study by (Martin, 2019) suggests that elderly men may possess a higher threshold and tolerance for pain when compared to elderly women, potentially allowing them to endure work-related discomforts to a greater extent. Despite this, (Erens et al., 2019) point out that elderly men are more prone to developing age-related ailments than their female counterparts. In addition to health concerns, loneliness is a critical factor impacting the daily lives of the elderly, with studies indicating a higher prevalence among elderly women compared to men. A sizable proportion of Malaysian elderly live alone, absent of their offspring (Binti Pazim, 2019). Engagement in the workforce has been identified as a potential mitigator for feelings of isolation among the elderly. While numerous studies have investigated the consequences of loneliness on the wellbeing of the elderly (Nair et al., 2021) (Berg-Weger & Morley, 2020), direct research exploring the impact of perceived loneliness on labour force participation is scant. Furthermore, intergenerational financial support plays an instrumental role in the old-age support matrix (Mason & Lee, 2018). Elderly individuals, particularly those with modest pensions and savings, may face poverty without economic assistance from their employed adult children, necessitating careful fiscal management of their limited resources. The traditional filial support systems within many developing Asian countries are often inadequate to sufficiently sustain ageing populations, challenging the expectation of retirement at traditional ages (Koda & Uruyos, 2018). An analysis of the existing literature reveals that demographic factors (including age), intergenerational cash transfers, and loneliness substantially influence the labour force participation of both elderly men and women in Malaysia.

3. Research Methodology

This research undertakes an analytical review of quantitative data acquired from the National Population and Family Development Board, aiming to discern and elucidate the connections among demographic variables, intergenerational cash transfers, perceived loneliness, and labour force participation among the elderly populace in Malaysia. The data in question emanates from the Malaysian Population and Family Survey of 2014, conducted by the NPFDB under the patronage of the Ministry of Women, Family, and Community Development. Involving a total of 4,059 respondents aged 60 years and older, the survey featured 1,833 elderly male participants, with the balance being elderly females. The research adopts a cross-sectional study design, leveraging cross-sectional analysis to scrutinize patterns within phenomena at a fixed point in time, as referenced by (Milic et al., 2017). This methodology is well-suited for surveying the prevalence of labour market participation amongst elderly genders by selecting a representative slice of the population to determine correlations between demographic attributes, cash transfers between generations, loneliness, and labour force participation.

Variables within this study are bifurcated into dichotomous classifications, possessing binary outcomes of 0 or 1. Logistic regression serves as the primary statistical tool, complemented by univariate and bivariate examinations. Logistic regression is specifically implemented here due to the qualitative aspects of the dataset (Fullerton, 2020), thus facilitating an in-depth exploration into how demographic factors, financial support across generations, feelings of loneliness, and labour force involvement interrelate within the context

of Malaysia's elderly demographic. The analytical journey commences with univariate analysis, advances through bivariate analysis, and reaches its pinnacle with logistic regression analysis.

4. Results

The analytical framework of this study incorporates a variety of statistical approaches, such as univariate, bivariate, and logistic regression analyses. The primary purpose of the univariate analysis is to precisely describe and scrutinise the inherent trends in the data, delivering an efficient and profound interpretation of these patterns. This method provides an in-depth examination of the essential properties of each variable being studied, allowing for an orderly classification of participants according to their unique attributes. Below, a table is presented, outlining the results obtained from the aforementioned statistical evaluations.

Table 1. Univariate analysis results.

	Elderly men	Elderly women	Total (n)
Age			
• 60 to 64	688	893	1,581
• 65 to 69	541	590	1,131
• 70 to 74	332	373	705
• 75 and above	272	370	642
Total (n)	1,833	2,226	4,059
Intergenerational cash transfer			
• Receive	1,279	1,765	3,044
• Not receiving	554	807	1,361
Total (n)	1,833	2,226	4,059
Loneliness status			
• Feeling lonely	365	807	1,172
• Not feeling lonely	1,468	1,419	2,887
Total (n)	1,833	2,226	4,059

The analysis outlined in Table 1 reveals that there is a considerable concentration of elderly individuals within the younger segment of old age, predominantly those aged 60 to 64. In contrast, those aged 75 and older represent the smallest cohort within the elderly demographic. Additionally, it is noteworthy that a significant majority of the elderly receive economic assistance from their working adult children, indicating the persistence of filial devotion in Malaysian culture, which in line with the past study by (Binti Pazim, 2019). With respect to loneliness, the predominant experience reported by elderly men and women is the absence of loneliness. Within the scope of this investigation, the Pearson Chi-Square test has been utilized to identify potential correlations across the variables scrutinized. The findings indicate significant associations between demographic categories, such as age groups, and the prevalence of intergenerational financial support, as they relate to labour force participation decisions among both elderly men and women. The statistical analysis has uncovered meaningful correlations between these elements. Notably, the factor of loneliness status is identified as a significant influence on labour force involvement for elderly men, although this effect does not extend to elderly women. The forthcoming table provides a detailed account of the results obtained from this analysis.

Table 2. Bivariate analysis results for elderly men.

	Gender	Pearson Chi-Square
Labour force participation and age level	Men	.000
	Women	.000
Labour force participation and intergenerational cash transfer	Men	.002
	Women	.000
Working status and loneliness status	Men	.000
	Women	.302

The relationship between age and labour force participation demonstrates a statistically significant link for both elderly men and women, achieving significance at the $p < 0.001$ threshold. This highlights the pivotal role of age in shaping the consideration of re-entry into the workforce during one's later years for both sexes. Additionally, the exchange of monetary support between generations exhibits significant correlations at $p < 0.01$ for elderly men and even more prominently at $p < 0.001$ for elderly women. These findings indicate that financial contributions from working adult children play a substantial role in influencing their elderly parents' decisions to participate in the labour force. The findings are in line with a past study by (Binti Pazim, 2019). Intriguingly, while loneliness status is significantly correlated with labour force participation among elderly men at the $p < 0.001$ level, this association does not appear to be present for elderly women. Further scrutiny into the correlations between age, intergenerational cash transfers, and loneliness status as they pertain to the workforce engagement of elderly individuals is delineated in the following section.

Table 3. Logistic regression analysis results for elderly men.

Variable	Odd Ratio	Standard Error	$p > z $	95% Confidence Interval		dy/dx
Age	.927	.009	.000	.909	.944	-.014
Intergenerational Cash Transfer	.528	.058	.000	.424	.657	-.125
Loneliness Status	3.796	.479	.000	2.964	4.862	.262
Constant	179.273	117.809	.005	49.448	649.951	
Number of Observation	1,833					
Long-run chi-square	228.03					
Prob > chi-square	0.0000					
Pseudo-R ²	0.0970					

The findings presented in Table 3 reveals that loneliness status is the only variable that displays a positive association with the labour force participation decisions of elderly men in Malaysia. Specifically, there is an incremental increase of 0.262 units in the propensity to engage in the labour market for each additional point on the loneliness scale among elderly men. However, the influence of loneliness on this decision-making process is somewhat limited; the variation in labour force participation is less pronounced relative to the degree of change in loneliness status. In contrast, demographic attributes such as age and intergenerational financial support demonstrate a negative link with the labour market involvement of elderly men. For every incremental unit in age and monetary aid received, there is a corresponding decrease of 0.014 and 0.125 units, respectively, in the tendency to remain or become employed among elderly men. The impact of these factors is similarly modest, as the adjustments in employment decisions are not as marked as the alterations in age and cash transfers.

It is also important to note that the Pseudo- R² statistic does not reach a level of significance, being lower than the established benchmark for such considerations. This is a common occurrence in studies that encompass extensive datasets like the MPFS-5 survey with its 1,833 male respondents. Nevertheless, the

overall prob > chi-square measure for this model remains notable, with a significant value under 0.001, attesting to its substantiality despite the Pseudo- R² result.

Table 4. Logistic regression analysis results for elderly women.

Variable	Odd Ratio	Standard Error	p > z	95% Confidence Interval		dy/dx
Age	.916	.011	.001	.894	.938	-.009
Intergenerational Cash Transfer	.503	.069	.000	.383	.660	-.078
Loneliness Status	1.181	.152	.197	.917	1.522	.018
Constant	169.973	142.575	.005	32.838	879.783	
Number of Observation	2,226					
Long-run chi-square	87.75					
Prob > chi-square	0.0000					
Pseudo- R ²	0.0492					

The analyses in Table 4 suggest that loneliness status is positively correlated with the decision-making process of elderly women in Malaysia concerning their participation in the labour force. However, the correlation does not reach statistical significance, as evidenced by a p-value that does not meet the conventional 0.05 threshold. Conversely, the factors of age and financial assistance from younger generations are found to have significantly negative correlations with the labour force participation of elderly women. To be specific, each unit increment in age and financial support translates to a reduction of 0.009 and 0.078 units, respectively, in the propensity of elderly women to engage in the workforce. Despite the statistical significance of these relationships, it is evident that the associated marginal effects are comparably modest; the magnitude of change in workforce participation is less substantial relative to the shifts in age and financial support.

As observed with the findings relating to elderly men, the model for elderly women exhibits a low Pseudo-R² value, implying a restrained capacity of the model to explain the variability of the dependent variable. Regardless of this limitation, the subsequent analytical section will delve deeper into the nature of each explicative variable's relationship with the labour force participation rates of both elderly men and women.

5. Discussion

As individuals progress in age, a decline in workforce engagement is evident among both elderly men and women. This phenomenon largely stems from an increase in age-related health issues, including conditions such as dementia, osteoporosis, and arthritis (Theis et al., 2024). Furthermore, elderly individuals, particularly those within higher age categories, may prefer to allocate their time to activities they find more fulfilling than paid work, such as involvement in community and religious events. It has been noted that elderly men frequently exhibit a greater decrease in workforce involvement compared to elderly women, a pattern that transcends national boundaries and is observed globally. A myriad of studies across various nations, encompassing diverse socioeconomic and healthcare frameworks, report similar findings, indicating a potentially universal aspect of this trend. The dynamic of upward intergenerational cash transfers notably shapes the decision-making process of elderly individuals concerning labour force participation. The analysis of the current literature coupled with data from this research emphasises the impact of financial contributions from adult children on the employment decisions of the elderly. Nonetheless, the availability and impact of such support can differ significantly due to cultural, social welfare, and economic divergences across nations.

In Malaysia specifically, governmental resources to support the elderly may be limited, resulting in unequal distribution of assistance among elderly persons. This contrasts with the situation in nations with

more extensive social welfare provisions, where the state may offer more substantial support, influencing older individuals' choices about work differently (Zuo et al., 2014). Another critical factor is loneliness, which significantly affects labour force participation among elderly men but has a less pronounced effect on elderly women. This gender-specific disparity aligns with findings from various cultural settings where elderly women typically have closer relationships with family members, thereby reducing the experience of acute loneliness. However, the degree and consequences of loneliness can also differ based on national characteristics such as cultural expectations, social support frameworks, and economic conditions. Traditional gender roles may also play a part in the distinct employment rates between elderly men and women, with elderly women fulfilling the conventional role of caregiver and household manager, possibly leading them to be less employment-oriented despite experiences of loneliness.

In summary, while certain factors affecting the labour force participation of the elderly are common across different nations, each country exhibits unique variations influenced by its particular socio-cultural, policy-driven, and economic environments. Recognizing these country-specific differences is crucial for devising appropriate strategies and support structures that are sensitive to the diversities of elderly populations worldwide.

6. Conclusion

Attaining SDG-11 necessitates cultivating a vibrant and productive community of elderly people. In Malaysia, the government's dedication to this aim was highlighted by the RM1 billion fund designated in the 2024 Budget to improve the quality of life for the elderly demographic. The success of this investment critically depends on its judicious application in promoting a sustainable community for the elderly within the country. It is imperative to foster the economic contribution of senior citizens, as it mitigates financial strain and contributes to the country's economic progress.

This requires an intricate comprehension of the variables that affect the workforce participation of older men and women, as depicted in scholarly research. It is significant that these individuals often hold varied interpretations of work opportunities, encapsulating distinct motivations and aspirations. Understanding these differences empowers policymakers to craft employment strategies that adeptly align individuals with appropriate occupational positions. By acknowledging and addressing these variations, employment systems can be refined to maximize the capabilities and preferences of the senior workforce.

Moreover, there are both constraints and suggestions for enhancing future research to attain deeper understanding of elders' involvement in the workforce. Adopting qualitative research techniques like in-depth interviews may reveal more complex insights into the attitudes and convictions of elderly people about re-entering the job market. It is also essential to recognise the historical context of the data, which hinges on information gathered in 2014. Given the significant changes wrought by events such as the 2020 global pandemic, changes in the employment perspectives and mentalities of elderly people towards labour in their advanced years are conceivable. An updated data collection to mirror these current developments would bolster the pertinence and practicality of this research outcomes.

Acknowledgements

The authors are grateful to Tunku Abdul Rahman University of Management and Technology for the sponsors on the publication fees, and the National Population and Family Development Board (NPFDB) for granting access to the data collected via MPFS-5 survey. All errors are the author's own.

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