



Demographic Dividend with a Gender Dimension in Malaysia

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SOCIAL DEVELOPMENT



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Introduction

This policy brief is produced as part of the interregional Development Account project “Demographic Dividend with a Gender Dimension: Entry points for Implementation of Sustainable Development Goals in Africa and Asia and the Pacific”, being implemented by ESCAP and ECA for capacity development among member States to achieve sustainable development through enhancing human capital, addressing structural inequalities and reducing gender disparities. The brief and related materials are all part of a series of knowledge products that can be found in the ESCAP Youth Policy Toolbox (<https://yptoolbox.unescapsdd.org/>).

I. Overview

The transition from high to low mortality and fertility has resulted in a dramatic age structural shift in the Malaysian population. The changing age structure, coupled with investments in education, health and gender equality has provided a demographic dividend, as an increasing working age population supports a decreasing dependent population. The reduction in the dependency burden has allowed the country to channel resources to improve human capital and infrastructure in order to drive socioeconomic development. With an expanding economy, Malaysia has been able to achieve full employment, despite periods of relatively fast population growth.

Malaysia's advancement of the human capital agenda and its modernization have accelerated economic growth and strengthened its economic and social position in the Asia-Pacific region. This brief illustrates how Malaysia has harnessed its demographic dividend through various mechanisms, focusing largely on women's empowerment. The Malaysian experience demonstrates that effective utilization of human resources can play an important role in mediating the potentially negative effects of relatively fast population growth on development.

II. Economic transformation and demographic changes in

Malaysia has been transformed from an agriculture and commodity-based economy in the post-independence period (1957) to a diversified modern economy. Following the drive towards industrialization in the early 1980s, the proportion of workers engaged in agriculture fell from 54 per cent in 1970 to 11 per cent in 2020 (DoSM, 2020a), while that in the manufacturing sector rose from a very small base to 25 per cent at the turn of the century, and then declined to 17 per cent in 2020. Employment in the service and other sectors rose from 48 per cent in 2000 to 72 per cent in 2020.

The Malaysian economy has grown at an average annual rate of more than 6 per cent over the past 50 years. Between 1970 and 2019, the GDP per capita (at current USD) increased from USD358 to USD11,414 (World Bank, 2020), just behind Singapore and Brunei Darussalam in South-East Asia. Furthermore, Malaysia's human development index (HDI) rose from 0.643 in 1990 to 0.810 in 2020, and it is now classified as a very high HDI country (United Nations, 2020a).

Table 1 shows changes in the demographic dynamics of Malaysia over the last fifty years. The crude death rate (CDR) fell to below 5 per thousand population in the 1980s, and the infant mortality rate (IMR) has been around 6 per thousand births for the last two to three decades.

While high fertility and relatively fast population growth persisted for several decades, labour shortages began to emerge in the 1980s, and resulted in the influx of migrant workers. Labour shortages prompted the government to shift its programmatic thrust from family planning to family development. However, despite the reduced emphasis on family planning, the total fertility rate (TFR) declined steadily, from 5.0 children per woman in 1970 to just 1.7 in 2020, brought about by socioeconomic development and rising age at marriage. The crude birth rate (CBR) also fell consistently.

TABLE 1: Changes in population and vital rates, 1970-2020

	Population (mil.)	CDR	IMR	CBR	TFR	SMAM (female)
1970	10.9	6.7	39.4	32.4	5.0	22.0
1980	13.9	5.3	23.8	30.6	3.9	23.5
1990	18.5	4.6	13.1	27.9	3.3	24.8
2000	23.5	4.3	6.0	22.9	3.0	25.1
2010	28.6	4.6	6.7	17.2	2.1	25.7
2020	32.6	5.1	5.7	14.4	1.7	
2050	40.6					

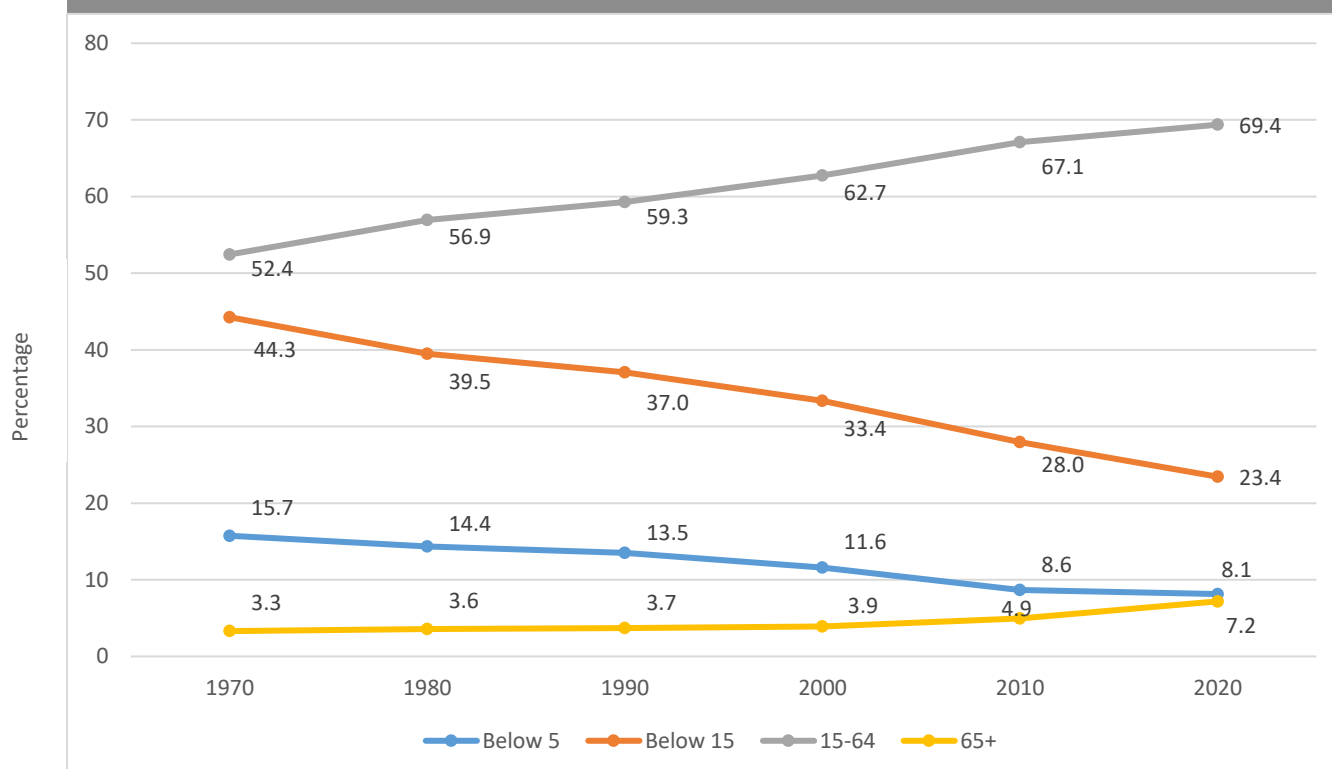
Sources: United Nations, 2020b, Department of Statistics Malaysia (various years), Vital Statistics and Population Censuses reports.

Note: SMAM- singulate mean age at marriage. The population figure for 2050 is a projection.

Fertility decline occurred across all age groups and was most pronounced among teenagers and those aged 40 or over. Childbirth at a very young age is known to be detrimental to reproductive health and an impediment to improving the status of women. Hence, the low adolescent fertility achieved in Malaysia contributed to women realizing their social and economic potentials.

Between 1970 and 2020, the proportion of the population aged below 15 decreased from 44.3 to 23.4 per cent. A corresponding increase in the working-age population and older population, respectively, from 52.4 to 69.4 per cent and 3.3 to 7.2 per cent, occurred. This age structural shift produced the foundations for the demographic dividend experienced in Malaysia.

FIGURE 1: Percentage distribution of the population by board age groups, Malaysia, 1970—2020



Source: United Nations, 2020b

III. Addressing gender gaps in education, employment and health to realize the demographic dividend

Beginning with the Sixth Malaysia Plan (1990—1995), the government has been implementing policies and programmes to empower women to contribute their resources to national development. Great emphasis has been given to addressing gender gaps in education, health, employment and the economy.

A. Education

Prioritizing education

Malaysia places significant emphasis on education, having outspent its ASEAN peers and developed Asian countries in this domain, measured as a percentage of GDP. Much stress has been placed on science and

technology. One of the country's development strategies has been to accelerate human capital development through industry-led Technical and Vocational Education and Training (TVET).

The government provides 12 years of free education. The liberalization of private sector tertiary education in the 1990s led to the mushrooming of institutions of higher learning, with numerous twinning programmes with foreign universities occurring. Private universities and colleges account for about half of tertiary enrolment. Efforts have been made to ensure inclusive and equitable quality education and lifelong learning, to meet the challenges of the Fourth Industrial Revolution.

Rising education levels and returns to education

Primary education has been almost universal for decades. The secondary school enrolment ratio rose from 55 per cent in 1980 to 93 per cent in 2020. Females have overtaken males

in secondary education since the late 1980s. The tertiary enrolment ratio rose from 4 per cent in 1980 to 43 per cent (38 per cent for males and 49 per cent for females) in 2019 (World Bank, 2020). Females outnumber males in all disciplines, except in engineering-manufacturing-construction, agriculture and veterinary sciences.

Education and skills development have opened up new employment opportunities to propel Malaysia to become a developed and high-income nation by 2030. Young Malaysians have been trained in the use of technology and in new areas like the digital economy and the green economy.

Higher educated women are much more likely to be working and earning greater incomes than their lesser-educated counterparts. In 2020, 69.2 per cent of women with higher education were in the labour force, compared to 37.1 per cent among those with primary education. The 2020 Salaries and Wages Survey shows that the median income for male employees with tertiary education was more than twice as much as for those with no formal education, and the educational differential in wages was even more pronounced among female workers (DoSM, 2020b).

B. Employment

Women's labour force participation reduces poverty in emerging economies (ILO, 2016). Women's earnings contribute to the family to meet escalating costs of living. The female labour force participation rate (LFPR) is influenced by factors such as education, family formation and availability of jobs that are compatible with women's domestic roles.

Female labour force participation and earning

The female LFPR rose from 47 per cent in 1990—2000 to 55 per cent in 2020 (DoSM, 2020a). This rise has contributed an additional 842,000 workers to the workforce. However, raising the female LFPR to that of males (81 per cent) would have added 2.6 million workers to the pool.

The female LFPR is still lower than the average for upper middle-income countries. Nevertheless, an encouraging trend is that the gap has narrowed since 2010. Stereotyping of gender roles, inflexible working hours and discrimination are some reasons for the low female LFPR. Domestic chores and care for the young and the old hinder women's labour force participation.

In developed countries, women in their early stages of family formation tend to stop working but return to work later (Maria Gutiérrez-Domènech, 2005). In Malaysia, the female labour force participation profile shows a single peak. Married women are much more likely than non-married women to stop working.

The labour market is highly segmented by gender. Female workers predominate in health/social and finance work. The latest data show that women make up 54 per cent of the academic staff in institutions of higher learning, 70 per cent of teachers in primary and secondary schools, and more than 90 per cent of teachers in pre-primary education. They also make up about half of workers in the accommodation/food/beverage service sector and the professional/scientific and technical sector. Females make up 55.1 per cent of professionals, and 73.4 per cent of clerical support staff, but they are under-represented in other sectors of the economy (DoSM, 2018).

Within each occupation and educational level, female workers receive lower pay than their male counterparts. However, the overall gender pay gap is rather small, because more women than men were engaged as professionals with a large wage premium (DoSM, 2020b).

Employment policies and programmes

Socioeconomic development and a rising standard of living have been achieved through the provision of quality employment opportunities, entrepreneurial support, and increasing use of modern technology in small and medium enterprises. Labour law promotes the elimination of forced labour and discrimination in respect of employment. The measures taken by the government also aim

to create a conducive working environment in respect of minimum wages and working hours, as well as occupational safety and health (EPU, 2018).

TalentCorp, a national agency, works with employers to implement work-life practices, and recruit and retain women on career breaks through the Career Comeback Program. The government provides a one-year tax exemption for women returning from career breaks. In addition, the government has been promoting family-friendly practices in the workplace to alleviate the stresses that parents encounter in balancing their work and household chores, including care for the young and the old.

D. Inclusive health care as a means of human resource development

Health services are available through an extensive network of government and private hospitals and clinics. Malaysia has an effective maternal and child health programme that has contributed to low maternal and child mortality. The mortality rate has declined across all age groups, resulting in a very low crude death rate of less than 5 per thousand during the last few decades. For all age groups, females have a lower mortality rate than males.

The demographic transition has been accompanied by an epidemiological transition. With population ageing, non-communicable diseases have replaced infectious diseases as the main causes of hospitalization and death.

Although family planning services are widely available to married couples, the contraceptive prevalence rate has levelled off at around 50–55 per cent since the mid-1980s. The Adolescent Health Policy was introduced in 2001 and the National Policy on Reproductive Health and Social Education (PEKERTI) and its Action Plan were introduced in 2009 to pave the way for increased access to reproductive health education, information, and services for adolescents and youth.

C. Governance and gender equality

Governance

The cornerstone of Malaysia's socioeconomic development is its pragmatic planning and management of the economy. The Economic Planning Unit has played a pivotal role in coordinating with all ministries and agencies to prepare and implement the country's five-year development plans.

Women's roles in politics and decision-making

Gender gaps, as measured by the Malaysian Gender Gap Index, have narrowed significantly in recent years; this has mainly been through improvements in educational, health and labour market status. Malaysian women are still under-represented in political spheres and higher decision-making positions. Many decisions on policies and rules affecting women's livelihoods, personal rights (such as inheritance and asset ownership), families and socioeconomic status need to be made with greater female participation.

Policies and programmes for gender equality

The National Women Policy was adopted in 1989 and revised in 2009. The revised policy and the Plan of Action for the Advancement of Women 2010–2015 have resulted in more comprehensive and targeted programmes to integrate women into the development process and enhance their status in society. Such efforts are also promoted by the Ministry of Women, Family and Community Development, which was set up in 2001 as a coordinating agency for the development of women and families.

Since the 1990s, each of the five-year development plans has devoted a chapter to empowering women in national development. In 2001, Article 8(2) of the Constitution was amended to prohibit any form of gender discrimination, followed by the setting up of the Cabinet Committee on Gender Equality in 2004.

In 2011, the Cabinet approved a policy that women must comprise at least 30 per cent of those in decision-making positions in the public and corporate sectors by the end of 2016, but this was revised to 2030. The country's Voluntary National Review reported that women in decision-making positions in the public sector exceed 30 per cent, while in top management positions in public-listed companies they comprised 26 per cent (EPU, 2017).

Conclusion

The Malaysian experience shows that harnessing human resources, including those of women, can mitigate the adverse effects of relatively fast population growth on socioeconomic development. The experience of Malaysia also sheds light on the important role of the State. A pragmatic approach to development planning and implementation, and prudent management of the economy have expedited socioeconomic development. Industrialization, and the push for a service-led economy have enabled Malaysia to move ahead of most of its neighbouring countries.

Policy recommendations

Countries can learn from the Malaysian experience by actions in the following domains:

Match demand and supply of labour

To enhance human capital development, better job creation in the skilled category is needed, interest and enrolment in STEM (science, technology, engineering and mathematics) subjects, especially among women, needs to be promoted. Strengthened collaboration between industry and academia is required to eliminate mismatches in demand and supply, and ensure efficiency in the labour market.

Develop more inclusive health-care systems

Efforts must be made to reach out to pockets of communities with health needs. Moreover, there is a need to address issues of health-care financing and achieve more cost-effective health-care systems. In this regard,

universal health care is important. Population ageing is accompanied by a rise in non-communicable diseases. Geriatric care needs to be improved to cope with the rapidly increasing demand for specialized services and care.

Support working women

The public and private sector must collaborate to remove barriers to women's work, by adopting enhanced work-life balance strategies, such as more extended maternity leave, flexible work arrangements and provision of childcare facilities. "Career Comeback" programmes should be expanded to encourage women who leave the workforce due to family or other commitments to return to work. Providing working mothers with the necessary support can result in more women taking up decision-making positions.

Eliminate gender stereotyping

Efforts to change gender stereotypes and negative perceptions that hinder women's empowerment and participation in national development can be made through education, and mass and social media. Women must also be encouraged to participate in male-dominated domains, such as engineering, manufacturing and construction. In revising TVET programmes, due consideration should be given to encourage more women to take courses that relate to the use of technology. Men should be encouraged to play a more active role in family responsibilities.

Promote entrepreneurial training and credit facilities

Since many women are starting their own businesses, relevant agencies should provide them with training on entrepreneurial skills and credit facilities. Successful women entrepreneurs can be recruited to assist those new to the business.

Bolster public-private partnerships

Promoting effective public-private partnerships can go a long way in encouraging and facilitating women to enter and remain in the labour market. There is also

a need to encourage the active participation of civil society organizations that advocate for gender equality and women's empowerment. In addition, the media can play an influential role in information dissemination and changing public perception of gender roles.

Involve stakeholders

The good practice of consulting diverse stakeholders in preparing annual budgets and development plans should be promoted and expanded to include representatives from all segments of the society.

Enhance data collection and analysis

National Statistical Offices, and focal points in collating SDG indicators, must work closely with all relevant ministries and the private sector to produce age- and sex-disaggregated data at national and subnational levels to guide policy formulation and programme implementation. In addition, data must be made readily available for researchers to undertake in-depth analysis to support harnessing the demographic dividend.

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