



**UNIVERSITI PUTRA MALAYSIA**

**GENDER COMPARISON OF ECONOMIC STATUS OF THE ELDERLY IN  
PENINSULAR MALAYSIA**

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**FEM 2007 4**



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IN PENINSULAR MALAYSIA**

**By**

**LUCY W. GIKONYO**

**Thesis Submitted to the School of Graduate Studies, Universiti  
Putra Malaysia, in Fulfilment of the Requirements for the Degree of  
Master of Science**

**May 2007**



Dedicated to my parents,  
Esther W. Gikonyo and John E. Gikonyo  
My dearest brother and sister,  
Morris M. Gikonyo and Nancy N. Gikonyo  
and  
My Friends  
With love



Abstract of thesis presented to the Senate of Universiti Putra Malaysia  
in fulfilment of requirement for the degree of Master of Science

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**Chairman : Associate Professor Jariah Masud, PhD**

**Faculty : Human Ecology**

The purpose of this study was to investigate the economic status of elderly men and women in Peninsular Malaysia using their net flow (income less expenditures) and net worth (assets less liabilities). The study utilized secondary data from an IRPA Project titled “Economic and Financial Aspects of Ageing in Malaysia (2005)” the research programme on Quality of Life of Older Malaysians. The dataset contained information on 1841 elderly (926 females and 915 males) aged 55-75 from Peninsular Malaysia. The dataset contained a range of information on the elderly including their demographics. This study analyzed and described selected portions of the dataset which had variables that corresponded to the objectives of the study.



Twelve variables were selected and used in this research. Their basis for inclusion was the literature reviewed for this study. These variables included age, sex, ethnicity, marital status, educational attainment, employment status, home ownership, perceived health status, assets, liabilities, income and expenditure. The data was at the individual level except for expenditure data which was at the household level. Analysis was run using SPSS version 13. Tests run were ANOVA, T-tests and Discriminant analysis.

The results of the study revealed that elderly males and females differ in their economic status. For instance, when both net flow and net worth are taken into consideration, 79% males compared to 72% females have positive net flow. The data further revealed that 89% males compared to 71% females had positive net worth. Elderly men reported earning an income from multiple sources compared to women who predominantly reported social income (money from children) as their main source of income. Income did not tell the whole story about the elderly's economic status because the elderly have had the opportunity to accumulate assets throughout their life cycle and can draw on these assets to support their consumption as they advance in age.

The study further assessed the economic status of the elderly using a combined net worth and net flow measure resulting into four typologies. The respondents values of net worth and net flow were used to profile them into four typologies: i) those with positive net flow and positive net worth ii) those with positive net flow and negative net worth iii) those with negative net flow and positive net worth iv) those with both negative net flow and negative net worth. Only 40% of the respondents were correctly grouped as revealed by discriminant analysis results. This means that the model needs further improvement.

The typologies revealed that 70% of elderly males and 53% elderly females had both positive net flow and net worth. Those with both negatives comprised 3% males and 10% females. This research implies that elderly men and women differ in their resources and consequently economic status. Different measures should be taken as indicators of economic status of both elderly men and women.

Abstrak tesis yang dikemukakan kepada Senat Universiti Putra Malaysia sebagai memenuhi keperluan untuk ijazan Master Sains

**PERBANDINGAN GENDER DARI SEGI STATUS EKONOMI DI  
KALANGAN WARGA TUA DI SEMENANJUNG MALAYSIA**

Oleh

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**Mei 2007**

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Tujuan kajian ini adalah untuk menyelidik status ekonomi warga tua di Semenanjung Malaysia menggunakan aliran kewangan bersih (pendapatan tolak perbelanjaan) dan nilai kewangan bersih (aset tolak liabiliti). Kajian ini menggunakan data sekunder daripada satu projek IRPA berjudul “Economic and Financial Aspects of Ageing in Malaysia (2005)” di bawah program penyelidikan kualiti hidup warga tua Malaysia. Set data ini mengandungi maklumat mengenai 1841 orang tua (926 lelaki dan 915 wanita) dalam lingkungan usia 55-75 tahun di Semenanjung Malaysia. Set data ini mengandungi pelbagai maklumat berkenaan warga tua termasuk demografi mereka. Kajian ini menganalisa dan menerangkan bahagian terpilih daripada set data tersebut yang berkaitan dengan objectif penyelidikan.



Dua belas pembolehubah telah dipilih dan digunakan dalam penyelidikan ini. Pemilihan ini adalah berasaskan tinjauan penulisan yang di jalankan untuk kajian ini. Pembolehubah-pembolehubah tersebut ialah umur, jantina, ethnik, status perkahwinan, pencapaian pendidikan, status kerja, pemilikan kediaman, tanggapan status kesihatan, aset, liabiliti, pendapatan dan perbelanjaan. Data dalam kajian ini adalah data individu kecuali data perbelanjaan untuk rumah tangga. Analisa dijalankan menggunakan SPSS versi 13. Ujian telah dijalankan termasuk ANOVA, Ujian T dan Analisa Diskriminan.

Hasil kajian menunjukkan bahawa warga tua lelaki dan perempuan adalah berbeza dari segi status ekonomi. Contohnya, apabila kedua-dua aliran kewangan bersih dan nilai kewangan bersih dipertimbangkan, 79% lelaki berbanding 72% perempuan mempunyai aliran kewangan bersih yang positif. Data juga menunjukkan 89% lelaki berbanding 71% perempuan mempunyai nilai kewangan bersih yang positif. Warga lelaki tua melaporkan pendapatan daripada pelbagai sumber berbanding dengan menjuih warga wanita tua yang melaporkan pendapatan sosial (wang daripada anak) sebagai sumber pendapatan utama. Pendapatan tidak memberikan gambaran sepenuhnya mengenai status ekonomi warga tua. Kerana warga tua berupaya mengumpulkan aset sepanjang hayat dan menggunakan aset



ini untuk menampung perbelanjaan dalam usia yang semakin meningkat.

Kajian ini juga menilai status ekonomi warga tua dengan menggunakan kombinasi nilai dan aliran kewangan bersih, untuk menghasilkan hasilnya empat tipologi. Nilai dan aliran kewangan bersih responden telah digunakan untuk membentuk profil dengan empat tipologi: i) mereka yang mempunyai nilai dan aliran kewangan bersih positif ii) mereka yang mempunyai aliran kewangan bersih positif dan nilai kewangan negatif iii) mereka yang mempunyai aliran kewangan bersih negatif dan nilai kewangan positif iv) mereka yang mempunyai nilai dan aliran kewangan bersih negatif. Analisis Diskriminan telah digunakan untuk menentukan sifat unik warga tua dalam setiap daripada empat tipologi tersebut.

Tipologi tersebut menunjukkan bahawa 70% daripada lelaki tua dan 53% daripada wanita tua mempunyai aliran dan nilai kewangan bersih positif. Mereka yang mempunyai aliran dan nilai kewangan bersih yang negatif adalah terdiri daripada 3% lelaki dan 10% perempuan. Kajian ini menunjukkan terdapat perbezaan sumber pendapatan dan status ekonomi antara jantina. Kaedah pengukuran yang berlainan mengikut jantina perlu diambil sebagai indikator status ekonomi.

## **ACKNOWLEDGEMENTS**

Praise and Glory to God Almighty for giving me wisdom, grace and perseverance to complete my Masters Research. This work would also have never been successfully accomplished without the contributions and support of many.

My sincere gratitude and appreciation to members of my supervisory committee: the chairman, Assoc. Professor Dr. Jariah Masud, I thank you for your guidance, understanding, encouragement, and confidence in my work as well as deep insights. Am also grateful for the opportunity to work with you as a Graduate Research Assistant.

Many special thanks to Dr. Sharifah Azizah Harun, member of my supervisory committee for your guidance, advice, invaluable suggestions, confidence in my work and warm encouragement.

I would also like to extend exceptional thanks to the following people: Benjamin Chan Yin Fah, Institute of Gerontology, for your support, patience and especially for your great help with the SPSS program. Dr. Okero Otieno, Canadian International Development Agency (C.I.D.A-Kenya), for your constant encouragement, advice, comments and particularly for all the constructive criticism of my work. Thanks also for reminding me to take a break when I needed one.



Finally, I wish to express my sincere thanks to my beloved family. Thanks to my lovely parents and family for the financial support, unwavering encouragement, endless love, moral support and fervent prayers all through to the completion of this research. Thanks to my brother Morris and sister Nancy for your support, encouragement and prayers. Many thanks to members of my church (F.G.A) for your encouragement and prayers. Lastly, thanks to all my friends who helped me in one way or another in my struggle to complete this research.



I certify that an Examination Committee has met on 30<sup>th</sup> May, 2007 to conduct the final examination of Lucy W. Gikonyo on her Master of Science thesis entitled “Gender Comparison of Economic Status of the Elderly in Peninsular Malaysia” in accordance with Universiti Pertanian Malaysia (Higher Degree) Act 1980 and Universiti Pertanian Malaysia (Higher Degree) Regulations 1981. The Committee recommends that the candidate be awarded the degree of Master of Science.

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Date: 15 November 2007



## **DECLARATION**

I hereby declare that the thesis is based on my original work except for quotations and citations which have been duly acknowledged. I also declare that it has not been previously or concurrently submitted for any other degree at UPM or other institutions.

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**LUCY W. GIKONYO**

Date:



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# CHAPTER 1

## INTRODUCTION

### **Introduction**

There is rapid growth in the numbers of elderly people worldwide, a fact that has created a global demographic revolution (Help Age International, 1999). In Asia, the United Nations projects that the population aged 65 and older will be more than quadruple by 2005. As further observed, each month another 800,000 people celebrate their 65th birthday. According to the ageing and development report (1999) the elderly constitute the fastest growing population group in developing countries. In Malaysia, one out of every 16 people is an elderly person aged 60 years and above (Tengku Aizan, Jariah and Chai, 2004).

According to the Department of Statistics (2003), there were 1.4 million elderly Malaysians with women accounting for 52.3% of the national elderly population. This has been attributed to the longer life expectancy of women compared to that of men, 75 years and 70 years respectively (Tengku Aizan, et al, 2004). Over the past two decades, it has also been observed that females in Malaysia outlive males by an average of 3-4 years (Ong, 2003).



Though elderly women outlive men, Wang (1995) concluded that the elderly were among the poorest, economically vulnerable and marginalized at a time when their physical and material resources are getting depleted. Elsewhere, it has been reported that the economic situation of the elderly in Malaysia is largely a discouraging picture with women consistently being among the poorest group in the country (Cheung, 2000; Ofstedal, Reidy and Knodel, 2003; Tengku- Aizan, et al, 2004). This leaves poverty among the elderly and in particular among the women folk as a major concern. This is made worse by the fact that most females are the surviving spouse and require more economic resources to sustain their longer life. Access to resources will influence the economic well- being of the elderly.

Elderly women are likely to remain poor since they are reasonably disadvantaged compared to men in terms of access and control of resources as well as in opportunities to advance. It has been noted that they have low levels of education, own very few assets, have low incomes, little savings and majority of them have not been in any formal employment but rather assist in unpaid domestic work (Michael & Eleanor, 2003). Consequently, they end up with very little or literally without any pensions or retirement income to fall back on in their golden years. The disparities mentioned above have a long lasting

impact resulting in a situation where elderly women fall into the extreme fringes of poverty in their golden years.

### **Problem statement**

Economic security, good health and adequate housing are the three fundamentals of ageing with dignity as identified by the United Nations Division for the Advancement of women (2002). Economic security and well being of the elderly in old age depends on what they accumulated in their earlier years as well as income received. Elderly people in the developing world are consistently among the poorest (Help Age International, 2002). The elderly are likely to remain poor since without income receipt, their chances of improving their situation are very limited.

The issues of income and expenditure; assets and liabilities are important when considering the economic status of the elderly. Elderly males and females differ in their sources and shares of income (Miller and Montalto, 1998). Gender differences (as a result of gender socialization) between men and women may explain these differences in income sources and amounts in old age (Ofstedal, Reidy and Knodel, 2003). However, sources of income for the elderly continue to shift and

diminish as they advance in age and leave economic activity (Radner, 1993). Ofstedal, Reidy and Knodel, (2003) indicated that elderly females mostly depend on non-fixed (unreliable) sources of income while males have income from fixed sources. The ageing issue is new in Malaysia and as such elderly male's and female's sources of income are not well known.

Amount of income will also determine a household's expenditure (Rubin and Koelin, 1996). Elderly consumers like everyone else have their daily needs that call for some allocation of income. Women with spouses may consider themselves on the safe side as their needs are taken care of. On the other hand, divorced/ never married or widowed women have to pay for their expenses. Elderly women live longer than men and have to pay for their basic needs (including healthcare) despite their unreliable and low incomes (Paulin and Duly, 2002). The elderly's income especially women, may not match their expenditure as they are not actively involved in the labour force.

As people advance into old age, majority of them are no longer active in the labour force hence they cannot depend on earnings (Quinn, 1985; Radner,1993). Assets owned make a sizeable contribution to the

elderly's well-being as they enable the elderly to consume more than their current income allows (Miller and Montalto, 1998; Hungerford, Rasette, Iams and Koenig, 2001/2002). Due to lack of (and often limited) access to opportunity to work and earn, women compared to men lag behind in asset ownership. Men have the opportunity to work and accumulate assets throughout their lives while women do not have this opportunity. Indeed, the labour force participation of women in Malaysia is only 47% compared to 82% for men (Department of Statistics, 2004). Women are mostly engaged in domestic or unpaid work throughout their life and it is expected that they do not have access to opportunities that would help them build up their resources (Hira and Mugenda, 2000; Coltrane, 1998). The situation gets worse if the elderly still have unpaid loans when they reach old age. This is because their net worth (assets- liabilities) influences their economic status (Radner, 1993).

Poverty has been the main indicator of economic status with the typical measure of poverty being the Poverty Line Index (PLI) which is based on income. This measure is an absolute measure based on gross monthly household income required to meet basic needs-food and non food items. In Malaysia, the incidence of poverty among those aged 45-64 was 5.8% as reported by the Economic Planning Unit. Households headed by the elderly and female-headed households experience high



incidence of poverty at 22.7% and 16.9% respectively (Malaysia country report).

Based on life cycle model, PLI does not provide a complete picture of the elderly's economic status. This is because the elderly do not only depend on income but they may also use accumulated assets to support their living (Radner, 1993; Hungerford, et al, 2002). Much has been discussed about the elderly and poverty within the context of Malaysia using PLI but not much has been done in looking at assets and liabilities; income and expenditures mutually. The main concern of this research is to look at the economic status of the elderly using both net flow (income less expenditures) and net worth (assets less liabilities).

The research questions to be addressed are:

1. To what extent do elderly men and women differ in their income, assets and liabilities?
2. How are the expenditure patterns of elderly households?
3. What is the economic status of the elderly as measured by their net flow and net worth?
4. Which factors contribute to explaining the economic status of elderly?