

# **CHAPTER 1**

## **INTRODUCTION**

### **1.1 Introduction**

Ageing population is not something strange to any country in the world. It is part of a process in which every country will experience it. However, in Malaysia recently, this issue has been highlighted and becoming a concern among citizen's as well as the government's representatives. As Rafizi Ramli, a Minister of Economics of Malaysia said where Malaysia is expected to reach the status of an old country in 2044. More worryingly, other countries that go through this process is in a stronger economic and household financial position than Malaysia.

"Child Free" slogans is not ashamed to resound within social media platform of a Malaysian's newlywed couples recently. They express a statement that they are not wished to have an offsprings in their married life by giving their reasons that it is sort of economic burdensome to raise a child from infant stage until their young adult's life. This sentiment slowly arises and create anxiety to young adults to raise a child if the household income become the considerations. This case will contribute to the declination of birth rates among Malaysian population if this mindset were continuing to happen.

To enhance a rapid economy growth of a country, a large population were needed where bigger pool of labor, can increase productivity and drive industrial economic activities. Due to drops of birth rates in the long run, professionals need to increase their work-life spans due to shortage of local labor. To conclude, this issue needs to be emphasized, and a study needs to be done to address the declination of fertility rates that happen year by year to facilitates the government to take various measures and actions in order to sustain the future economic growth.

## **1.2 Problem Background**

In recent development of advanced digital era, young generation especially Generation Z who born in the year 1997 to 2012 seems faced difficulties in developing their social skills in the real world as they have spent most of their time by surfing the internet such as mindlessly scrolling social media, addiction to online games and staying indoors resulting they were less exposed in real-world problems making them socially incompetent and developed social anxiety within themselves. They are unable to hold long, deep, meaningful and eye-to-eye conversations anymore.

This situation affects their relationship with other people, and they will miss many opportunities in their life if they keep maintained that kind of attitude and habits. Or even worse, they will face an obstacle in finding a life partner due to lack of communication skills or not exposing themselves to positive communities or gatherings. This is a serious problem when young adults do not even get married even after they have graduated from college or university due to the quarter life crisis. If this situation continues to happen in the long run, our world will experience a seriously ageing population in 2040.

## **1.3 Problem Statement**

According to UNDP Malaysia Accelerator Lab authored by Rachel Yue, Malaysia is reaching a turning point in its demographic transition towards an increasingly ageing population. This is supported by the Department of Statistics Malaysia (DOSM), the proportion of the population aged 65 and older is expected to increase significantly, from 8.1% in 2024 to 14.5% by 2040. This proves that Malaysia will experience ageing nation with low productivity in workforce resulting to slow economic growth and might turn down the import and export activities in our country. Special measures and intervention from the authorities need to be taken as soon as possible to combat this issue for future long-term benefit of a country.

#### **1.4 Aim of Research**

The aim of this research is to identify the factors that contribute to declining of fertility rates in Malaysia and how it influences the economy of a country.

#### **1.5 Research Objectives**

The research conducted aims to achieve the following objectives:

- (a) To review the underlying factors of declining birth rates among Malaysian's citizens.
- (b) To perform causal inferences analysis on impact of a declining fertility rate to economic performance of a country.
- (c) To forecast future fertility trends in Malaysia through regression model approach.

## **1.6 Scope of Research**

To conduct an impactful research analysis, time is an important element that needs to be considered by a researcher. Due to time constrain, the researcher aimed to perform several capable methods within a certain period of time such as systematic literature review to achieve the first objective of this research which is to identify the underlying factors that contribute to the drops of birth rates in Malaysia.

As this topic is not something 'rare' within the population of the world, a few research papers can be obtained. This benefits the researcher to not spend too much time to make the analysis in order to achieve the research objectives. The dataset obtained from the website of Malaysia's Open Data Portal ([data.gov.my](http://data.gov.my)) with collaboration of Department of Statistics Malaysia is enough to represent the current population of Malaysia. The website provides easy-discoverable information and the relatable dataset categories can be attained such as demographic, annual live births, household income, labour rate market, national gross domestic product (GDP), education and healthcare.